

on a whole host of issues, including the final shape of an Arab-Israeli settlement and large-scale U.S. arms sales to Saudi Arabia, Jordan and other "moderate" Arab states.

But there have always been differences between the two countries, and these problems will probably be cause some serious strains, but the fundamental de facto alliance will continue to be strengthened irrespective of them.

Peres's visit to Washington is likely to enhance his own image at home. The prime minister will be warmly received not only by Reagan but also by Mondale, leading members of Congress, American Jewish leaders and other public opinion moulders. He is scheduled to appear on the major television news programmes and also has been invited to address the prestigious Council on Foreign Relations in New York.

There will be some concrete results from the summit. It is already known, for example, that the U.S. will sign a "declaration" establishing a free-trade area over the two countries, require additional negotiations.

But whether any real progress is made in securing an Israeli withdrawal from Lebanon remains to be seen. The administration, having been badly burned in Lebanon over the past two years, is reluctant to get too involved in mediating an Israeli-Syrian agreement without some assurance from Syria. The assurances have not yet been provided. In the meantime, Washington does not wish to demonstrate eagerness in getting involved in what simply encourages Damascus to up the ante.

It remains unclear whether Reagan and Shultz will provide figures regarding supplemental economic assistance during the talks here. Israeli officials, of course, hope to nail down some flat commitments from the administration now, rather than after the election. But that is still a big question mark.

Ambassador Meir Rosenfeld and other Israeli diplomats have been actively involved in setting the stage for the visit. They are trying a choreograph as much as possible in advance. They seem to have done very good job, according to well-placed U.S. and Israeli officials.

EIGHT PAGES FROM SUNDAY'S
The New York Times
THE WEEK IN REVIEW INSIDE TODAY

THE JERUSALEM POST

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Peres on way to Washington, to see Reagan tomorrow

By WALTER RUBY
Jerusalem Post Correspondent

NEW YORK. — Prime Minister Shimon Peres and Vice Premier and Foreign Minister Yitzhak Shamir fly from New York to Washington this morning for meetings with U.S. Secretary of State George Shultz today. They are to meet with President Reagan tomorrow.

Peres said on arriving yesterday that Israel is "very grateful" for votes in Congress late last week in favour of \$2.6 billion in aid to Israel, and in favour of a free-trade area between the U.S. and Israel.

Peres said that passage of the two bills by large majorities in the Senate and House of Representatives indicates "unprecedented (U.S.) support for Israel."

In brief remarks to reporters after arriving in Manhattan, Peres said that he has undertaken his two-week visit to the U.S. in order to "lay out the foundation for relationship between the new government in Israel and the American administration, to deepen our coordination to deal with the burning issues in the Middle East, and to discuss the future of American aid to Israel."

Peres said he is optimistic about U.S.-Israeli relations, noting that "Israel has traditionally enjoyed the support of the administration and of American institutions."

In response to a question, Peres said he planned to watch last night's televised debate between President Reagan and Democratic candidate Walter Mondale. Peres explained, "professionally I am interested in (the debate). I have participated in some debates myself and hope to participate in some in the future, and there is always something to learn."



The burnt-out wig shop in Jerusalem's Rehov Straus yesterday.

(Elihu Harari)

Police fear revenge by Haredim

By ROBERT ROSENBERG
Jerusalem Post Reporter

The Jerusalem police fear acts of revenge after a shop owned by Haredim was burned after yesterday by a group describing themselves as "opponents of religious coercion."

The burning of a wig shop in Kikar Shabbat where the Geula and Mea She'arim quarters meet came a week after a clothing store in Geula, owned by a non-religious family, was vandalized, and 10 days after a resurgence of vandalism against cars owned by families living in the Shmuel Hanavi Quarter near a yeshiva for newly Orthodox Jews.

According to police sources, yesterday's arson — if indeed perpetrated by elements describing themselves as opposed to religious coercion — signals a new stage in the conflict between the Haredi (ultra-Orthodox) community in Jerusalem and the secular community.

The police are taking seriously an anonymous phone call claiming responsibility for the arson as it came while firemen were tackling the blaze at the bottom of Rehov Straus, where the Haredim often hold demonstrations.

The police are also planning to question victims of Haredi violence against property owned by non-Orthodox Jews, including the vandalism of the Geula clothing shop owned by the Kovshi family, who also owns the famed Haman (Turkish baths) in the Bukharan Quarter.

Two Haredi men were arrested after the clothing-shop incident. Haredim throughout North Jerusalem.

Jordan says it is seeking non-U.S. arms

NEW YORK. — Time magazine is reporting in its current issue that Jordan, rebuffed in its effort to buy anti-aircraft missiles from the U.S. earlier this year, is now discussing the possibility of arms purchases with the Soviet Union, France, Britain and Austria.

According to Jordanian Foreign Minister Tahir Masi, who met with Time's editorial board earlier this week, Jordan has turned to the other nations as potential arms suppliers after Congress turned down an administration proposal to sell Jordan 1,613 of the shoulder-fired Stingers.

Masi told Time that King Hussein is "unhappy" with the refusal of Congress to sell Jordan the arms, as well as with what Hussein portrayed as a continuing stalemate in the Middle East.

Another Arab leader who spoke to Time last week, Lebanese Premier Rashid Karamé, indicated that his government continues to reject the idea that the South Lebanon Army of General Lahad would perform security functions in the region after the Israeli leave.

Karamé, who called for a greater role for UN Truce Supervision in maintaining peace and security in southern Lebanon, told Time he believes that the SLA will "fade away."

In a generally pessimistic assessment of the chances for a diplomatic breakthrough in the immediate future, he said that the secretary of state Henry Kissinger had warned last week that the present situation in the region was not congenial to "dramatic initiatives" on the part of the U.S., and that any U.S. diplomatic efforts "must be confined to limited objectives."

This statement, made by Kissinger in a speech last week to the American friends of Haifa University, seemed to back up a report by Newsweek last week that the former secretary of state has warned that the U.S. should avoid becoming involved in negotiations to get Israeli troops out of Lebanon.

However, in remarks to The Jerusalem Post after his speech Kissinger said that he believed that a U.S. effort to facilitate an Israeli withdrawal from Lebanon "would be a limited objective" and he believes, "we should be involved in that."

Kissinger quickly cautioned however: "I just do not believe we should get involved (in negotiating between Israel and Syria) until we know what we are doing."

Mortar, Maags, 5,000 grenades returned to IDF

Jerusalem Post Reporter

Equipment returned to the Israel Defence Forces by the end of the first week of a month-long drive for the return of stolen equipment included 5,000 hand grenades, seven rocket-propelled grenades, two Maag machine guns, a 52 mm. mortar and 40 Kalashnikov assault rifles. The Israel Defence Forces spokesman announced yesterday.

During October, equipment can be returned to IDF bases or police stations without any action being taken against the possessors.

Apart from the above-mentioned items, the following were also returned in the first week: three M-16 rifles, three Gakl rifles, eight Uzi submachine guns, one Mauser and three Karl-Gustav submachine guns, 10 pistols, 7 air rifles, field glasses, compasses, starlight glasses, walkie-talkies, field telephones, a telescope, ammunition, explosives and fuses.

In addition to the munitions, hundreds of uniforms, jackets, sleeping bags, blankets, mattresses, helmets, camp beds, flashlights and first-aid equipment were returned.

Bid to monitor retail prices launched today

By ROY ISACOWITZ
AARON SITTNER
and YITZHAK OKED
Jerusalem Post Reporters

Squads of price watchers will begin their assault on price gougers in stores today.

The campaign is being waged by the Industry and Trade Ministry, and their officials will have the power to order offenders to comply immediately with approved prices.

The officials will be backed by a team of volunteers who will report offenders to the ministry for further action. However, some volunteers will also be given the authority to order shopkeepers to stick to proper prices.

A plan of action was drawn up yesterday amid a contention that prices for consumer goods could drop immediately by between five and 40 percent in "real terms" if either the credit system were linked to the dollar or limited to a maximum of 15 days.

This was stated at a news conference by Arnon Tiberg, Director-General of the Manufacturers Association. (See story page three)

Meanwhile, Ovadia Shragai, supervisor of prices in the Industry and Trade Ministry, met with his regional directors to discuss their strategy. The Consumers Protection Authority has supplied a list of prices that escalated recently.

But the price watchers can expect a frosty reception from businessmen. "We will throw them out," warned Avraham Birnbaum, secretary of the Jerusalem Merchants Association.

"That holds true even if, beyond monitoring duties, they are deputized and given authority to serve summonses," he said.

"Before snooping around privately owned shops, let them make the rounds of Histadrut-owned enterprises — which control 25 per cent of the country's merchandising sector," he added.

The price swoop was approved before the weekend by Histadrut Secretary-General Yisrael Kessar and Industry and Trade Minister Ariel Sharon. The aim is to determine whether prices have been marked up unfairly following last week's freeze on imports and the cost of locally produced products included in a list of controlled prices.

Birnbaum said that the only way to halt inflation and stop prices from rising is to radically cut spending "not only by the government, but also the local authorities, the Jewish Agency and the Histadrut."

"This would effectively reduce the level of spendable income in the hands of salaried workers and the self-employed at the same time," he said.

In a bid to coordinate the Histadrut's campaign for low prices, a consumers' steering committee was set up yesterday by the Labour Federation. It will be led by Nuzhat Kafra, chairwoman of the Histadrut's Consumer Protection Authority.

Kessar also announced that the federation's central committee was in the process of preparing a practical plan for resolving the country's economic crisis. He said it was being formulated in conjunction with some of the country's top economists.

Kessar stressed that the Histadrut would not approve any plan based on increased unemployment and reduced real wages for workers. The Histadrut, he said, insists on full implementation of the work and cost-of-living agreements signed earlier this year.

The Histadrut's refusal to accept reductions in the C-o-L increment has stymied attempts to broker a package deal between the labour federation, the government and the private employers.

Finance Minister Yitzhak Moda'i, for his part, continues to maintain that a package deal can only be effective if the increment is limited, thus neutralizing the automatic linkage between inflation and wages.

Kessar emphasized that the Histadrut will continue to negotiate with the government in an attempt to agree on a common policy. Such a policy must be based on "an equal sharing of the economic burden and the treatment of the workers as the

'Gov't should set medical priorities'

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — The director of the Rambam hospital, Professor Yosef Brandes, yesterday urged the government to set an order of priorities for the treatment of patients, since hospital management could not be expected to make daily life-or-death decisions.

He said that in view of financial difficulties, hospitals would soon be unable to give some patients expensive treatment and the use of costly equipment needed to save their lives.

Brandes addressed his remarks to Health Minister Mordechai Gur, who visited Rambam yesterday as part of a fact-finding tour of the city's main hospitals. (See page 3)

Brandes said decisions would have to be taken on a political level on such sensitive questions as at what minimum weight hospitals should treat premature babies.

The government would also have to decide whether hospitals should treat patients in their 80s who need expensive medical care and surgery to save their lives.

Brandes cited the fact that Rambam's budget for equipment was only \$150,000 a year, which was not enough even to maintain existing equipment. He said he had recently ordered one of the hospital's two "CAT scanners" to be closed because Rambam did not have the \$80,000 needed for maintenance work.

Scotland Yard to investigate WWII massacre in Burma

LONDON (AP). — Attorney-General Sir Michael Havers has ordered a police investigation into the alleged massacre of 27 Burmese civilians by British troops 42 years ago, Scotland Yard said yesterday.

The probe arises from allegations by Gerald Fitzpatrick, a 22-year-old lieutenant in the Second Battalion of the King's Own Yorkshire Light Infantry, that he ordered the April 23, 1942 slaughter.

In a letter to opposition Labour Party legislator Tam Dalyell, Havers said he had concluded that an investigation into Fitzpatrick's allegations was "feasible and...in the public interest" despite the passage of time.

The Sunday Telegraph said Fitzpatrick confessed recently that he killed the first Burmese with a dagger and that two other officers later shot the rest during their unit's retreat from Rangoon to India.

The confession was brought to the attention of Defence Minister Michael Heseltine by Dalyell, whose cousin was Major-General Orde Wingate, commander of the Special Force, India Command.

Dalyell said Sunday: "I have not raised this incident in order to create an issue for the government. My objective is more to defend the memories of British servicemen."

He was quoted by The Telegraph as saying he was "still slightly stunned" that the director of public prosecutions had ordered Scotland Yard to investigate.

An officer who served with Fitzpatrick, Victor Stevens, now 70, told The Telegraph he was to be interviewed by a detective on Tuesday but added: "One can forget an awful lot in 42 years."

Missionaries come out into open

By HAIM SHAPIRO
Jerusalem Post Reporter

ISRAEL'S CHRISTIAN missionaries, or, as they prefer to be called, evangelicals, who bear witness to the Jews about Jesus, are coming out of the closet and openly stating their intentions for the first time.

The forthright declaration of missionary intent comes in the form of the Mishkan, A Theological Journal on Jewish Evangelism, recently published in Jerusalem by the United Christian Council in Israel. In the words of its editor, Rev Ole Kvarme, it is a "clear statement that we do want to witness and to promote evangelism among Jews."

Kvarme, who heads the Caspari Institute, a Christian study centre in Jerusalem's French Hill, is unhappy about the words "missionary," "proselytizing" and "conversion."

"Faith in Jesus is not something that turns a Jew into a non-Jew," he says. "I am not here to turn Jews into

Norwegian Lutherans such as I am."

But the fact is that the journal does, albeit in a serious and unsensational manner, argue against the growing tendency among the major Christian sects to desist from bringing the message of Christianity to the Jews. Financial support for the publication of the journal comes from, among others, the American Board of Missions to the Jews, and Jews for Jesus.

THE TIMING of the journal has coincided with an increase in attacks by Jewish extremists on groups which they see as missionaries, culminating in a rock throwing episode against those participating in a Jewish-Christian prayer service in Tiberias last year. A few weeks ago anti-missionary activists held demonstrations at a number of Jerusalem institutions catering to "Jewish believers," including the Caspari Institute.

While deploring the physical attack, Kvarme views the demonstrations with equanimity. It's all part of the freedom of expression which also enables a journal such as Mishkan to be published in Israel.

Both Kvarme and Rev. Walter Riggins, an associate editor of the journal, say that they see nothing wrong with the 1977 so-called anti-missionary law, which forbids the offering of material inducements for conversion or the performing of a conversion ceremony for a minor to a faith other than that of his or her parents. Kvarme rejects a recent statement by American TV evangelist Jerry Falwell of the Moral Majority that there should be more freedom for missionaries in Israel.

Riggins, a pastor at Christ Church in Jerusalem's Old City, says that much of the future over the so-called missionaries is based upon the "myth that Jews can only believe in Jesus if they are coerced by some unscrupulous missionaries." He adds, "The average Israeli saw us as

ruthless theologically-loaded head hunters."

In answer to the accusation that he is exploiting the hospitality offered him as a guest in this country, Riggins denies that he has ever been offensive or aggressive. "Everyone who knows us knows that we are committed Christians," he says, "and if they ask me what I believe I tell them."

At Christ Church, too, his role includes answering the questions of a steady stream of visitors who wish to know more about Christianity. They range, he says, from the antagonistic, to the curious, to those who are seeking. He has been accused of bribing people to convert, he says, but never by anyone who knows him.

Riggins has seen cases in which people distributed tracts that were a "terribly insensitive and ignorant attack on the Jewish people." But, he added, such people were always short-term visitors and not local Christians.

On the other hand, he sees a similar insensitivity and ignorance on the part of Jewish Israelis (and the church) toward messianic Jews. Jews who believe in Jesus are routinely described as marginal, immature, uneducated and an aberration, he says. The consensus is that they are no longer Jewish. In fact, he says, their identity crisis is real and painful.

Jewish "believers," he adds, cover the entire spectrum of life in Israel, ranging from the relatively uneducated to university lecturers and come from every type of background. "I strongly support Jewish believers in Jesus," he says. "If that's infringing on the hospitality of this country then I'm doing so, but I don't think it is."

Kvarme, whose institute runs a study programme for Jewish believers which in some cases could lead to

(Continued on Back Page)

CREDIT INTEREST ON CHECKING ACCOUNTS

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The benefits are real. Your balances, over \$50, need be maintained for only 3 days to earn interest. And, as we have explained, they can even drop lower than \$50 as the month proceeds. With our short-term sheqel deposits program (PAKAM), you have to lock up your funds for at least 7 days. So we're offering you more flexibility. However, if you expect your checking account balance to stay above \$300, we'd recommend PAKAM all the same.

ISRAEL DISCOUNT BANK

ry of Health to Medical Profession
ning on the subject:
bat Smoking"
on Monday, October 8, 1984
Tel Aviv

Opening remarks of Tel Aviv - Greetings and assignment in his city for General of the Ministry of Health

of the Medical Association man, General Kupat Health

ay General

C. Everett Koop, U.S. over a talk on: Physicians alive for Life.



THE LOUNGE
THOMAS HILTON

HOME NEWS

Cover-up of Jewish terrorists alleged in trial

By DAVID RICHARDSON
Jerusalem Post Reporter

The oft-alleged suspicion that there was a cover-up of the investigation into the June 1980 attack on the West Bank mayors came into the open during yesterday's session of the trial of the alleged Jewish terrorists.

Advocate Aryeh Weinrot presented the Jerusalem District Court with a policeman's memorandum of the interrogation of one of the alleged perpetrators - Ira Rappaport, now a declared fugitive in the U.S. - which, had it been pursued, could have led the investigators to uncover the alleged terrorist organization soon after it began to act.

Rappaport is suspected of having taken part in the attempted assassination of the former mayor of Nablus, Bassam Shak'a.

Weinrot said that only 13 days after the bomb attacks on the mayors, Rappaport was questioned by the Nablus police on suspicion of trying to run down a policeman in the city or at least of ignoring his orders to stop. Quoting the memorandum, Weinrot said that Rappaport

had refused to continue to answer questions because the investigator "is trying to link me and my car to the mayor's episode. I deny any connection and any knowledge of it. I won't say more without seeing a lawyer."

Rappaport was not questioned further and nothing apparently was done about his unusual statement.

Weinrot pressed the star witness at yesterday's session, Assistant Commander Alex Ish-Shalom, about this incident and about the decision to leave the investigation of the entire affair in the hands of the small police station in Nablus.

Ish-Shalom, who served as the chief co-ordinator in the investigation, evaded answering the questions directly. When Weinrot continued to press, the president of the bench, Judge Ya'akov Bazak, interrupted to ask why the questions were relevant.

Weinrot replied: "We are talking about an episode that stirred the country at the time. Throughout this trial there have been indications...this shows an aspect of information that was not pursued and this

has direct bearing on one of my clients...I am prepared to write down what I am suggesting.

Weinrot, who is representing Rappaport's alleged accomplice, Nathan Nathanson, of Shilo, submitted a note to the court, which the judges ruled as "irrelevant at this stage of the proceedings."

Ish-Shalom was also questioned about an incident during which one of his investigators introduced him to Nathanson as "an advocate." Ish-Shalom, an advocate by training, kept a memorandum of the meeting in which he wrote that he had corrected the investigator by adding "as well as a police officer."

The allegation was that Nathanson, and others among the 20 defendants, were tricked into making their confessions by Ish-Shalom appearing as a lawyer. Yesterday's session was still part of the mini-trial over the weight of the confessions that are the basis of the prosecution's case against the accused.

Ish-Shalom, it emerged, was also accused of the same trick in a previous case before the court. Bazak said yesterday that as long as he was not a practising advocate, he could

not present himself as such, but only as a jurist.

Advocate Uzi Hasson for the prosecution submitted a letter written to Ish-Shalom by one of the defendants, Ya'akov Heineman. In the letter, Heineman, who is accused of involvement in the attempt to destroy the Dome of the Rock, explains his and his associates' motives in confessing as easily as they did.

Heineman's letter, personal parts of which were banned from publication, explains that the group "never thought not to confess"... "We did what we did, and we confess, and now it is important to define why we did."

He wrote that he was prompted to write partly "because of the warm regard we enjoyed from all the ranks."

The defence's cross-examination of Ish-Shalom will continue today.

Imports rise in third quarter downward trend is halted

By AVI TEMKIN
Post Economic Reporter

The drop in imports registered this year came to a halt during the third quarter of the year, according to import figures released by the Central Bureau of Statistics.

According to the figures the monthly average of imports during the third quarter of the year, net of fuel, diamonds, ships and aircraft, was 5 per cent higher than the average for the first half of the year.

As a result of this development, the previous fall in imports was erased. During the first nine months of 1984 the level of imports was almost similar to the one registered in the corresponding period last year. About \$6.1 billion worth of merchandise was imported during January-September, as compared with \$6.2b. in the corresponding period of 1983.

Imports totalled \$625 million last month, 3 per cent less than in August but still about 20 per cent more than in September, 1983.

According to the figures, imports of consumer goods dropped by 31

per cent during the first nine months of the year, even before the government banned the imports of 50 consumer items considered luxury goods. One of the banned items, cars, saw imports plummet by 45 per cent in the first nine months of the year.

Nevertheless, the figures confirmed that during the summer, imports of consumer goods picked up, their average monthly level for July-September was 20 per cent higher than the level for the first half of the year.

Imports of investment goods dropped during the first nine months of the year by some 12 per cent. They totalled \$1b. during this period.

A development that has puzzled economists at the Treasury and the Bank of Israel, the increase in the imports of raw materials, continued during the third quarter of the year. In January-September these imports totalled some \$2.7b. compared with \$2.5b. in the same corresponding period in 1983 - an 8 per cent increase.

Nation remembers Yom Kippur War dead

Israelis who fell in the Yom Kippur War 11 years ago were commemorated yesterday afternoon in state memorial services in many parts of the country. Families and friends of the fallen, state representatives and Israel Defence Forces officers and chaplains attended the services.

In Jerusalem, Justice Minister Moshe Nissim spoke at the ceremony at the Mt. Herzl Military Cemetery. Among those attending the ceremony were Jerusalem Mayor Teddy Kolek, IDF Chief Chaplain Aluf Gad Navon, and OC Central Command Aluf Amnon Shahal.

In Haifa, the ceremony at the military section of the Hof Hacarmel Cemetery was attended by Chief of General Staff Rav-Aluf Moshe Levy, Haifa Mayor Arye Gurel and Knesset Members Amnon Linn and Shevah Weiss. Health Minister Mor-

dechai Gur represented the government and spoke in memory of the fallen.

In Ashdod, Mayor Aryeh Azari spoke at the ceremony in the military section of the Ashdod Cemetery.

Bereaved families voiced complaints at the lack of advance publicity given by the authorities to the memorial assembly at Mt. Herzl. Only one newspaper - and that not widely read - announced it in advance, and there was no announcement on the radio.

When relatives phoned Yad Lahaim yesterday morning to find out if there was to be a ceremony, they could not get a straight answer. The Jerusalem Post was told.

There were also complaints that the assembly was convened for one o'clock - the hottest part of the day. These were two reasons given for the poor attendance, at the Mt. Herzl ceremony.

Electric Corp. refuses Colombian coal

HAIFA - The Israel Electric Corporation has refused to take delivery of 60,000 tons of Colombian coal, worth about \$2 million, because it did not meet the required specifications. The Jerusalem Post was told yesterday.

The ship bringing the coal arrived at the wharf of the Hadera power station last week, but after inspecting the coal the IEC decided not to use it.

There have been fears that the IEC's decision could jeopardize a multi-million dollar barter deal between Israel and Colombia for the export of Israeli products - mainly from the Israel Aircraft Industries - in return for coal.

It was not clear why the first trial shipment did not meet the IEC's specifications.

Energy and Infrastructure Minister Moshe Shahal, who was in Haifa yesterday, said it appeared that a mistake had been made and the wrong consignment of coal had been dispatched.

He hoped the matter would be rectified without causing a barter agreement. In any case, the IEC would not cost the Israeli taxpayer a single agora, Shahal said.

Another shipment of Colombian coal is due in about two months, and if this delivery proves satisfactory, a decision will be made on the trade agreement.

Rabin would have local mayors in areas

Defence Minister Yitzhak Rabin said yesterday that he would make an effort to get the military personnel serving as mayors of towns in Judea, Samaria and the Gaza District replaced by local residents. He was talking to Labour Knesset Member Abdel Wahab Darousha at his bureau in Tel Aviv.

He also promised Darousha an answer within 10 days concerning the reopening of al-Najah university in Nablus, which was shut by the military authorities. Rabin said that terrorist organizations had operated

in the college and that texts for teaching sabotage and other inflammatory material had been discovered there.

Rabin stressed that everything possible was being done to improve the quality of life for the Arab inhabitants of the areas. Discussions on the establishment of a local Arab-owned bank were in an advanced stage and funds would be brought in to develop projects there.

He said that the number of books on the censored list in the areas had dropped to 300.

PLO: Syrians arrest Fatah members

TUNIS (AP) - A PLO spokesman said yesterday that the Syrian authorities have arrested dozens of members of Fatah, the main group in the PLO, in Syria and Northern Lebanon.

"At a time when the Palestinian revolution is making every effort to smooth over the differences that oppose it to Syria, and at the moment when the Algerian and South Yemeni brothers are making efforts with Syria, we have been surprised

by the measures taken by the Syrian authorities," the Palestinian news agency Wafa quoted the spokesman as saying.

He said the victims of the arrests had suffered "the most savage means of torture."

He did not say when the series of arrests began.

PILOTS - France is to take Kuwaiti air force pilots for training under an agreement signed yesterday.

With great sorrow we announce the untimely death of our dear husband, father and brother

GIDEON HELFMAN

The funeral will take place in Jerusalem and will leave the Sanhedria Funeral Parlor for Har Hamenuchot today, Monday, 12 Tishri 5745, (October 8, 1984) at 2 p.m.

His wife: Pamela
His children: Tara and Adam
His sister: Sarah Arenson and family
His brother: Milla Helfman and family

Our heartfelt thanks to all those who shared our grief on the passing of our beloved

DANIEL RECANATI

The Recanati Family

Milo cancellation leaves 7 Knesset panels without heads

By ARYEH RUBINSTEIN
and MICHAEL YUDELMAN
Jerusalem Post Reporters

The seven Knesset committees still without chairmen will probably remain unorganized until the Knesset meets on October 22, after Succot.

The meeting of the House Committee scheduled for today was cancelled yesterday by acting chairman Ronni Milo (Likud), on the grounds that Labour and the Likud had not yet reached agreement on the chairmanship of the Economic Committee.

Last week's scheduled meeting of the House Committee was cancelled for the same reason. The committee was to have decided on its nomination of the chairman of the other committees.

Deputy Knesset Speaker Aharon Nahmias (Labour) urged Speaker Shlomo Hillel (Labour) to convene the committee today. Although Hillel was reportedly shocked by Milo's action, he decided that he could not convene the panel on his own initiative.

The Alignment faction executive, which met yesterday for the first time, decided not to insist that the House Committee meet this morning. A party spokesman explained that there was a feeling that without prior agreement with the

Likud on the chairmanship of the Economic Committee, such a meeting would accomplish nothing and only waste public funds.

Milo and Labour MK Rafael Edri are due to meet next Sunday to try to solve the problem of the chairmanship. Milo, who wants the post to go to former finance minister Yigal Cohen - Orgad, and Edri, whose nominee is Elihu Speiser, were unable to come to an agreement in a telephone conversation yesterday.

Jacques Amir and Edna Solodar proposed that Labour take back the seat in the Foreign Affairs and Defence Committee that it granted from its quota to the Citizens Rights Movement and which the CRM assigned to Yosef Sarid. They said that Sarid deserved no reward for defecting to the CRM.

But the majority apparently preferred not to alienate the CRM and faction chairman Edri ruled that this was a matter to be brought before the full Knesset faction.

The faction executive objected to a suggestion to give Mapam the chairmanship of the State Control Committee, now headed by Labour MK David Liba'i.

The executive decided instead to form a sub-committee of the Control Committee and offer the post of chairman to Mapam.

The executive agreed to MK Shevah Weiss's proposal to offer the chair of the Committee for Basic Laws to the CRM's Shulamit Aloni.

A committee whose composition will be determined only after Prime Minister Shimon Peres and Vice Prime Minister Yitzhak Shamir return from the U.S. is the Ministerial Committee for Economic Affairs.

Labour and Social Affairs Minister Moshe Katzav, on the committee, was replaced last week just as it was about to meet, by Minister without Portfolio Moshe Arens.

Ilan Chaim adds: The Social Workers Union has sent an urgent letter to Prime Minister Shimon Peres protesting against Katzav's replacement, saying the people likely to be hit the hardest by economic policy decisions must have their representative on the Ministerial Economic Committee.

"We don't care who replaces whom on the committee," union secretary-general Raya Retig told The Jerusalem Post, "but we know that whoever is responsible for Labour and Social Affairs must be involved in policy-making. It's the job function that's important, not the individual."

Katzav's relegation was apparently a party decision. Retig maintains, "but social welfare must not become the victim of party politics."

Haifa ex-prosecutor denies bribe charge

HAIFA (Itim) - Defence counsel at the trial for corruption here of former municipal prosecutor Zussia Eitan said yesterday that, far from accepting a bribe from a local owner, Eitan had told him that since he was operating without a permit he would have to close.

Eitan's attorney told the district court that the transcript of a clandestinely recorded conversation between his client and kiosk owner Zvi Rothenberg shows that Eitan acted properly.

The prosecution contends that the recording, set up by the police, proves that Eitan accepted a bribe of \$100 to shelve numerous summonses received by Rothenberg for operating without a permit.

Under intense cross-examination yesterday, Rothenberg - who appeared as a state's witness - said that Eitan "is not guilty. The (bureaucratic) procedure is guilty."

Judge and wife injured in car accident

Jerusalem District Court Judge Meir Midin and his wife, Nehama, were injured yesterday when their car was hit by an Israel Defence Forces truck in Jerusalem's Gilo neighbourhood.

Midin was reported in moderate condition after the accident, but his wife's condition was serious.

The truck, which was making a right turn, had the right of way at the intersection between Dov Yosef and Hahaganah streets.

Angry residents demonstrated near the intersection yesterday afternoon and demanded that traffic lights be put up in the intersection, where they said many traffic accidents have occurred. (Itim)

Beersheba prison chief resigns from service

BEERSHEBA (Itim) - The chief warden of the Beersheba Prison, Albert Hayut, has retired from his post and left the Prisons Service. According to unofficial sources in the service, relations between Hayut and Prisons Commissioner Mordechai Wertheimer have been bad for some time and Hayut was forced to retire.

A service spokesman denied that there was any bad feeling between the two men and stated that Hayut had quit the service of his own accord for personal reasons.

Hayut will be succeeded by a former deputy commander of the Military Police, Aluf-Mishne Colonel Michael Ben-Shahar.

AGNON PRIZE - The Agnon Prize for Belles Lettres, awarded every two years by the Jerusalem Municipality, has been awarded this year to Ya'acov Shabtai, for his posthumously published work. *Sof Davar*, published last month.

Al-Hiyam shows solidarity with SLA forces and Israel

By MENAHEM HOROWITZ
Jerusalem Post Reporter

MEPULLA - There was a total school and commercial shutdown in the southern Lebanon town of al-Hiyam yesterday, as residents rallied to show solidarity with the South Lebanon Army and its commander, General Antoine Lahad.

A Shi'ite terrorist unit, two of whose members were from al-Hiyam, attempted to assassinate Lahad last Wednesday.

Speakers at the meeting condemned the attempt on Lahad's life and called for the continuation of cooperation between the SLA and Israel.

A leaflet distributed in the town said: "The 30,000 inhabitants of al-Hiyam will not permit attacks on Israeli targets."

The leaflet continued with a plea to the Lebanese government to assist al-Hiyam with its problems.

South Lebanon sources said yesterday that Amal, a rival commander Hussein Sa'adeh, of to death outside his home. Arab Selim on Saturday night, the known to be in contact with South Lebanon forces friendly to Israel, they suggested that this was the plan for his assassination.

Coordinator of Islamic activities in Lebanon Uri Lubran yesterday said that Israel considers the SLA a vital factor in all defence arrangements in South Lebanon. He stressed that any agreement on the withdrawal of the IDF from Lebanon would include the SLA's continued presence there as one of its central components.

Team studies Ata's plight, finds the problems 'complex'

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA - The team investigating the plight of the Ata textile concern will submit only an interim report on the subject by the end of this week, and not a complete one as planned. The Jerusalem Post learned yesterday.

The committee, established by the Industry and Trade Ministry, will probably be ready with a full report after Succot.

Yehuda Gil, team chairman, said the week the team had been given to draft its report was not sufficient, as Ata's problems are too complex.

The team is to draft a recovery programme for the textile firm as well.

He said the biggest problem was that of keeping Ata's 2,000 workers employed.

Gil accompanied Industry and Trade Minister Ariel Sharon and

Energy and Infrastructure Minister Moshe Shahal on a visit to the concern's main factory in Kiryat Ata yesterday. The ministers were warmly greeted by scores of employees, who urged them to do all in their power to save the company, which is under threat of closure.

Ata's main shareholders, the Eisenberg group, has offered to sell the concern for one shekel, although the purchaser would have to take over Ata's debts totalling over \$20 million.

The workers have blamed Ata's management for the company's predicament. Ata's works committee chairman said the firm's owners must be forced to keep the company going until a buyer is found. He warned that the atmosphere among the workers is "explosive" and there would be trouble if Ata is closed and its workers dismissed.

Israeli ship sped through Suez Canal

EILAT (Itim) - The Egyptian authorities last week made special efforts to make sure that an Israeli ship would pass through the Suez Canal in time to arrive here before Yom Kippur.

The ship, Zim Eilat, had been delayed in sailing on Thursday from a Greek port and arrived at Port Said after the last southbound convoy of the day had left. In such cases ships

usually must drop anchor and wait for the next convoy - a wait of at least 12 hours.

Since it may take as long as 24 hours to sail from Port Said to here, this would have meant that the ship could not reach Eilat before Yom Kippur.

The Egyptians put on a special tug boat to bring the ship through the canal at once. The Zim Eilat reached here on Friday afternoon several hours before Yom Kippur.

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Isasbest talks collapse over severance pay

NAHARIYA (Itim) - Negotiations between the local labour council and the Isasbest company collapsed yesterday after the company refused to increase severance pay for workers it intends to sack.

The negotiations had succeeded in reducing the number of workers to be let go from 72 to 58. But the labour council insisted that those who are fired be given more than the severance pay due them.



U.S. Surgeon General Everett Kopp, who arrived in Israel yesterday to help local health authorities combat smoking.

RETAIL PRICES

(Continued from Page One)

equals of all other sectors of the population," he said.

Recent statistics show a significant - and totally unjustified - increase in the percentage of income tax paid by salaried workers, Kessar said.

The central committee decided to entrust organizational department chairman Gideon Ben-Yisrael with the task of coordinating the labour federation's campaign against unemployment.

Trade Union Department chairman Haim Haberfeld was authorized to undertake a national information campaign to publicize the Histadrut's efforts to protect the workers during the present crisis.

Meanwhile, the Ministry of Agriculture has decided to join in the campaign of trying to protect consumers against unofficial price-hikes.

Its offices in Jerusalem, Tel Aviv, Haifa and Beersheba will have open telephone lines on which the public will be able to complain of price increases.

The ministry has promised that each complaint will be fully investigated and lawbreakers prosecuted.

HOT WAGES - An agreement to adjust the firemen's pay was signed in Haifa yesterday, putting an end to a long dispute that had involved several strikes by the local fire brigade.

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| COPENHAGEN | 11 | 18 | 64 | 21 | Cloudy |
| FRANKFURT | 9 | 13 | 55 | 15 | Cloudy |
| GENEVA | 11 | 18 | 64 | 21 | Cloudy |
| HELSINKI | 11 | 18 | 64 | 21 | Cloudy |
| HONG KONG | 23 | 23 | 73 | 24 | Cloudy |
| JOHANNESBURG | 19 | 24 | 75 | 27 | Cloudy |
| LONDON | 11 | 18 | 64 | 21 | Cloudy |
| MADRID | 11 | 18 | 64 | 21 | Cloudy |
| MONTREAL | 11 | 18 | 64 | 21 | Cloudy |
| NEW YORK | 11 | 18 | 64 | 21 | Cloudy |
| PARIS | 11 | 18 | 64 | 21 | Cloudy |
| RIO DE JANEIRO | 24 | 24 | 75 | 27 | Cloudy |
| SAO PAULO | 19 | 24 | 75 | 27 | Cloudy |
| STOCKHOLM | 11 | 18 | 64 | 21 | Cloudy |
| TOKYO | 11 | 18 | 64 | 21 | Cloudy |
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THE WEATHER

| | Yesterday's | Today's |
|-------------|-------------|---------|
| Jerusalem | 21 | 14-28 |
| Golan | 43 | 15-28 |
| Nahariya | 53 | 21-27 |
| Safed | 67 | 22-28 |
| Haifa Port | 67 | 22-28 |
| Tiberias | 63 | 19-33 |
| Nazareth | 61 | 19-29 |
| Afula | 58 | 18-31 |
| Shomron | 41 | 16-29 |
| Tel Aviv | 21 | 16-27 |
| B-G Airport | 40 | 16-28 |
| Jericho | 41 | 20-35 |
| Gaza | 82 | 19-26 |
| Beersheba | 24 | 16-32 |
| Eilat | 19 | 23-37 |

SOCIAL & PERSONAL

HOME NEWS

Manufacturers: Prices could be cut now

By MACABEE DEAN
Jerusalem Post Reporter
TEL AVIV. — Prices for consumer goods could drop immediately by 5-40 per cent in "real terms" if one of two steps were taken. Either the credit system should be linked to the dollar and goods paid for according to the representative rate as fixed by the Bank of Israel, or credit should be extended for no more than 15 days.
This was stated at a news conference yesterday by Arnon Tiberg, director of the Manufacturers Association.
The 5 per cent cut would be on foodstuffs which are generally sold within a few days; the 40 per cent on clothes that may be on retailers' shelves for many months.
Tiberg stressed that in an inflationary economy such as ours, the manufacturer who gives a wholesaler, or anyone else, credit for 60 days has to take the rate of inflation into account and add the cost of the credit to the price. At the present rate of inflation of about 1 per cent a day, this means that "an enormous surcharge has to be added to the cost of the goods."
However, the manufacturers themselves cannot limit the credit period to 15 days. First, this would be illegal since it would constitute forming a cartel. Secondly, fierce competition would cause such a restriction to collapse within a few days.
"The only method is for the government to impose a 15-day credit limit. The government has the power and the means to enforce this regulation," Tiberg said.
Tiberg said that in recent talks with Minister of Industry and Trade Ariel Sharon, it had been decided to take joint action to regulate prices.
"The first step is to find out if the prices of manufactured goods have risen faster than the cost-of-living index or the cost-of-production index. So far this has not been done, and nobody really knows — despite the howls about soaring prices, if these prices are exorbitant — which might be true, in a few instances — fair, or even not high enough," he said.
After the survey was finished, price controls would be lifted on goods whose prices had not risen faster than they should have in line with inflation and actual costs. It would also be lifted on goods whose manufacturers lowered their prices.
Tiberg said Finance Minister Yitzhak Mordechai had promised in a recent meeting with him that the 15 per cent "profitability" level on exports, which had been established by former finance minister Yigal Cohen-Orlitz, would be maintained.
However, exporters were having difficult problems in making profits in Europe due to the weak European currencies. "The exchange-rate insurance scheme, which has a heavy dollar component, does not compensate us fully. It is all right to tell us to switch to the American market, but the European one is a valuable one, and we want to fight to keep it."
He said the insurance scheme should be modified to help exporters who are sending goods to Europe.



Health Minister Mordechai Gur (right) meets Haifa Mayor Arye Gurel yesterday, during his tour of hospitals in Haifa. (JPPA)

Gur vows: No cut in number of health-service jobs

By DAVID RUDGE
Jerusalem Post Reporter
HAIFA. — Health Minister Mordechai Gur pledged yesterday that existing jobs in the health services will not be abolished and the quality of the service will be maintained.
The minister said tens of millions of dollars can be saved by merging some of the services provided by Kupat Holim Clalit and government hospitals, thereby avoiding duplication.
Gur spoke at the Rambam Hospital here at the start of a tour of Haifa's main hospitals. He said the health budget would be cut by \$15 million, and another \$40m. would have to be covered by extra revenue. Gur did not say how the extra money would be raised.
Gur indicated that savings could be made by streamlining administration. He cited transportation as one example of a service that could easily be centralized to serve a number of hospitals within a short distance of each other.
The minister promised to improve services provided by government hospitals in peripheral areas, especially Nahariya, Poriya (near Tiberias) and Safad, which he visited recently. Rambam, however, would continue to provide specialized facilities for patients in Haifa and the North.
Later Gur visited the Carmel Hospital, where he was shown how staff are working in shifts to make optimum use of expensive equipment including dialysis machines and scanning equipment.
His last stop was at the Rothschild Hospital, where he promised that the government would "give its share" towards the completion of the 11-storey west wing annex — provided that the Friends of the Rothschild Hospital Association contributes \$4m.

Cigarette wholesalers end strike

By YITZHAK OKED
Jerusalem Post Reporter
TEL AVIV. — Cigarettes of the local Dubek brands were available again yesterday at stores around the country after wholesalers and retailers agreed to stop their week-long strike.
The wholesalers and retailers, who went on strike to demand compensation for the recent increase in prices, were persuaded to go back to work by Zorah Gehl, managing director of Dubek.
Gehl told The Jerusalem Post that although there is no written agreement with the government to this effect, he hopes that when the price of cigarettes is raised the next time, the government will give the wholesalers and retailers a bigger share of the rise.

10 charged with forging millions of dollars

TEL AVIV (Itim). — Ten persons were charged yesterday by the Tel Aviv District Court with trying to counterfeit millions of American dollars in Israel and the U.S. Most of the accused are related to each other.
The 10 are: Hizkiah Hen, 44, an importer from Lod and his wife, Benzi, 34; Ya'acov Levy, 33, of Bat Yam, a Bezek employee, and his wife, Lara, 39; Avraham Kakiashvili, 54, a photographer employed in Ashdod port; Daniel Hen, 43, of Lod, the owner of a shop in the Hatikva Quarter of Tel Aviv; Simon Hordashvili, 39, of Lod, owner of a kiosk at the Tel Aviv central bus station; Benny Hen, 39, and his wife, Magi, 22, owners of an offset printing press in Tel Aviv, where, according to the charge, the counterfeit dollars were printed.
The prosecution asked for the seven accused men to be held to the end of their trial. All 10 are accused of preparing to produce enormous amounts of counterfeit dollars to distribute in Israel and the U.S. and were already in an advanced stage of preparing to produce them in the U.S. also.
According to the prosecution, police agents, listening to phone conversations between the accused, learned that they had decided that it was better to try to make money this way, as the penalties were less severe than for drug dealing and the profits were potentially large.
Defence counsel requested a postponement of the trial to enable them to study the charges against their clients, and the court adjourned the trial until next week.
Yosef Kama'i, who was charged separately from the other nine, was charged with buying photocopying and printing machines, paper and inks for forging the dollars. Some of the printing blocks had already been transferred to the U.S., it was said.
The prosecution said that when Kama'i was arrested, he had already printed \$4 million, and another \$5m. were printed on one side. The prosecution asked for Kama'i's case to be heard first so that he could then testify at the trial of his alleged accomplices. The discussion on this was also postponed to next week.

Parents and tots demonstrate against over day-centre fees

By TSIPPI KUPER
Jerusalem Post Reporter
Protesting parents took their small children to a Jerusalem park yesterday to demonstrate against the fees demanded by day-care centres run by the Na'amat, Wizo and Emunah organizations.
They said that tuition fees are 30 per cent higher than the actual running costs of the non-profit centres.
The tuition fee for one child was almost \$140,000 in September. Parents protested that it is not worthwhile for a mother of two or more children to work, as most of her salary goes toward paying the day-care fees.
The parents first protested in September 1983 after a hike in the fees. They said that a public committee, which was formed to look into the matter, determined that the fees should then have been \$6,145 instead of \$18,500 — a difference of more than 30 per cent.
Daniel Arum, in charge of the Labour and Social Affairs Ministry budget, denied that the fees are higher than the costs of providing the service.
"Not only do the women's organizations not profit from the fees, but they subsidize some nine or 10 per cent of the cost of the day-care service," he said.

Teachers in dispute over hours

By LEA LEVAVI
Jerusalem Post Reporter
TEL AVIV. — The Secondary School Teachers' Association last night threatened to take legal action if the Education Ministry accepts the Histadrut Teachers' Union's (HTU) proposal to delay the addition of 21,000 teaching hours until the 1986-87 school year. Association chairwoman Shoshana Bayer said the Etzioni Agreement, which deals with the implementation of the Etzioni Commission's recommendations on improving the status of teachers and the teaching profession, is a binding contract that must be implemented.
While the HTU regards delaying addition of the extra hours as a way to prevent teachers from losing their jobs, Bayer fears the move will actually mean more unemployed among their ranks.
The two unions are also at odds over the 8 per cent pay bonus, payable to their members.
The HTU is not willing to concede the bonus but is willing to be flexible about when it will be paid as long as there is a definite government commitment to it.
In contrast, the association is adamant the bonus be paid immediately.
The HTU central committee last night approved the union leadership's negotiation with the Ministry. The talks are scheduled to continue tomorrow but it is doubtful whether the union's idea of delaying the 21,000 Etzioni hours will be practicable if the rival union does not agree.

IMA to Peres: Ban smoking in cabinet again

The Israel Medical Association has called on Prime Minister Shimon Peres to reverse his decision allowing smoking at cabinet meetings.
In a letter to Peres, Dr. Rami Ishai, IMA chairman, reminded him of the great efforts made to pass a Knesset law prohibiting smoking in public places.
This law having been passed, and in view of the health hazards of smoking, Ishai told Peres that the government should set a better example.
Former Prime Minister Menachem Begin had banned smoking at cabinet meetings. Peres himself is a smoker.

HAREDIM

(Continued from Page One)
salem have been trying to take over the baths in the Bukharan Quarter for the last three years to use them strictly as a mikveh and not as the health and entertainment facility that has become popular with non-Haredi Jerusalemites.
In Shmuel Hanavi, the slashing of tires of cars owned by both secular and religious residents on Rosh Hashana Eve also lit some red lights at the Russian Compound police headquarters.
A secular group conducting vandalism against Haredi-owned shops would be a major headache for the police, high ranking officers said yesterday.
And even if it turns out that secularists did not commit the arson, said a police source, the Haredi community "will only feel more embattled."

Or Akiva protest by Kach on Arab labour

OR AKIVA (Itim). — The police yesterday dispersed a demonstration by supporters of Knesset Member Meir Kahane at the Carmel carpet factory here.
The 50 Kach Party demonstrators, who expected Kahane to join them, were protesting against the employment of Arabs at the factory, owned by MK Avraham Shapira (Agudat Yisrael).
Kahane did not show up. Police forces were at the entrances to this town at dawn to prevent him coming in.

Mekorot tries bass solution to fishy problem

By YITZHAK OKED
Jerusalem Post Reporter
TEL AVIV. — Mekorot, the national water company, has imported 3,000 bass to gobble up smaller fish finding their way into the reservoirs from Lake Kinneret.
The bass, which live in sweet water and feed on smaller varieties of fish, are to be put into the Kinneret.
The bass survived a 20-hour flight from a Missouri fish farm, arriving with almost no reserves of air and Mekorot officials were waiting at the airport with oxygen tanks.
The fish are now in quarantine at the Dor research station to check their adjustment to the local climate. Mekorot also wants to confirm that the bass are sterile, as specifically ordered, so that they do not in turn multiply and create their own problems for Israel's water supply.

Yitzhak Agassi promoted

Jerusalem Post Reporter
Yitzhak Agassi has been appointed deputy director-general for administration at the Interior Ministry. Agassi, for many years ministry spokesman, won the promotion on the basis of a Civil Service Commission tender.

NAHARIYA JUBILEE. — The Nahariya Municipality is preparing to celebrate the town's 50th anniversary this year. A special educational programme is being prepared for the town's schools, relating the struggle of Nahariya to be included in the State of Israel, after the 1947 UN partition plan left it outside the borders of the state.

TALK ON THE MIRACLE OF BIBLICAL ISRAEL

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Less Hebrew taught in Diaspora schools

Jerusalem Post Reporter
TEL AVIV. — Jewish religious schools in the Diaspora are teaching less and less Hebrew, Avraham Schenker, chairman of the World Hebrew Union (WHU), complained at a news conference here yesterday.
"Hebrew is less and less the language of the Jewish people and more and more the language of a particular little country in the Middle East," he said.
The news conference had been called to mark the tenth anniversary of the World Hebrew Union's academic congresses in Europe.
Schenker also mentioned the union's work in teaching Hebrew by correspondence to Jews in Hungary and providing written material to be used by Hebrew teachers in the Soviet Union and Rumania.
Until recently, the materials used at ulpanim here were sent to Eastern Europe but former teachers of Hebrew in the Soviet Union, now living here, informed the WHU that the material was not suitable.
The WHU's work in Poland is with non-Jewish teachers and students of Hebrew. The best students at the university Hebrew departments are sent to study for a semester or a year at the Hebrew University.

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In Tonight's Debate, Will the Issues Matter?

4

The Nation

Congress Unavoidably Detained

Congress had hoped to wrap up its legislative season last week, but on Friday — unable to come to terms on a spending bill and a measure giving the Government authority to sink even deeper into debt — the House and Senate instead recessed until Tuesday.

Conferees attempting to reconcile House and Senate versions of a stop-gap bill needed to keep the Government running bogged down over aid to American-backed rebels in Nicaragua. Complicating matters was a threat relayed by the budget director, David A. Stockman, that President Reagan might veto the bill because it had grown far too fat; the measure weighs in at more than \$460 billion, making it the heaviest such legislation concocted. A stopgap is necessary because Congress has passed only four of 13 appropriations bills needed to finance the Government in the new fiscal year, which began last week.

An even shorter-term spending measure, essentially a two-day Band-aid enacted earlier in the week, expired at 6 p.m. Friday. Before that bill was hustled through at midweek, 500,000 Federal workers had a brief holiday when Mr. Reagan closed the Government's doors for an afternoon. He blamed Capitol Hill's slow-motion pace on the Democratic-controlled House; Congressional Democrats countered that the real fault lay with the Republican-run Senate.

The Senate at week's end took up the first of a series of unrelated amendments to a bill that would raise the Government's borrowing authority to \$1.823 trillion from the present \$1.573 trillion. The first of the amendments, calling for a verifiable freeze on United States and Soviet nuclear weapons, was voted down 55 to 42. Senator Mark O. Hatfield,

supposed that the Comptroller of the Currency had firmly guided the hand that entered the red ink.

Since the Continental rescue, the Comptroller, which regulates national banks, has been under pressure from Congress to keep a tighter rein on institutions carrying questionable loans. First Chicago's action came soon after an examination by the Comptroller's office. Barry F. Sullivan, the chairman of First Chicago, would not confirm that the Comptroller had forced his hand, but First Chicago's statement indicated that the Comptroller had played a key role and would be looking over the bank's shoulder for a while.

A Nuclear Ace In the Hole

Under a plan the Air Force recently presented to the Pentagon, the United States would be able to fire back if hit first in a nuclear attack — after a few days of frantic digging, that is. Defense Department officials reported last week that, according to the plan, a reserve missile force buried as much as 3,500 feet underground would be militarily and technically feasible.

After initial reports of the plan appeared in The New York Times, the Pentagon issued a statement saying the Air Force had been directed to continue studying the feasibility of such a basing system. The plan, which the Air Force has already spent \$10 million to research, would put ICBMs in a 400-mile network of tunnels staffed by crews able to remain self-sufficient a year.

The caverns themselves would be invulnerable to nuclear attack, but escape tunnels might not be, so the crews would have tunneling equipment similar to that used to build subways. Having dug their way out, the crews would bring the missiles to the surface for launching. After a massive first strike, according to the plan, the United States could hit back



Varel Bailey checking his corn crop.

The New York Times/Jim Wilson

At Harvest, Vagaries of Farming Are Crystallized

By ANDREW H. MALCOLM

ANITA, Iowa — The fields of western Iowa were dark late that May night when a growling bright spot of light crept over the hill. Sitting high up inside a diesel apparition, his face glowing red from the dials of the tractor's control panel, Varel Bailey was growing weary of planting back and forth, back and forth.

At 11 P.M. the 44-year-old farmer turned his powerful machine for home. But then the tractor's radio picked up a special weather forecast from a station 70 miles away: a platoon of rainstorms, the kind that had interrupted spring planting for days, was rumbling its way across the prairies. Mr. Bailey did some quick calculations. The storms wouldn't arrive until 2 A.M., so he stayed in the fields another three hours.

That spur-of-the-moment decision, one of hundreds he has made since he started planning this year's crops during last winter's Rose Bowl football game, will mean an extra \$1,325 to Mr. Bailey this year. That won't change the country's economy, although it certainly helps the Baileys.

But it is indicative of the complex economic quicksand that modern farming has become. Mr. Bailey's decisions, combined with those of the nation's 2.5 million other farmers, affect the nation's food supply, its balance of payments and, come Election Day, even its political direction.

It is harvest time here in the Middle West, the time when the accumulated results of all those decisions, of the weather, of the bugs and of just plain luck, good and bad, are harvested along with the corn and soybeans. For the worried reapers, these are the year's busiest days, a tense time when farm phones go unanswered and people sweat despite the chilled air.

For the next month or so farmers will be hauling trillions of white soybeans and bulging golden kernels. Some fibrous stalks will be chopped for livestock feed. The red trucks will waddle back and forth to the town's towering grain elevators. And soon the bumpy fields that stretched to the horizon so green and vibrant will be barren and

black again for their winter's sleep.

Much of the success or failure of the fall was determined long ago. In the perilous world of modern farming, where crop prices are low while interest rates, costs and foreclosure rates stay high, a mistake can be financially fatal. On New Year's Day Mr. Bailey, whose family has cared for these acres for nearly a century, began planning, studying government programs, crop prices, financial liabilities and the crop and insect history of each field. He ordered seeds for 600 acres (nearly one square mile or about three-quarters the size of Central Park).

Ten days before planting, Mr. Bailey injected 140 pounds of nitrogen, in the form of anhydrous ammonia fertilizer, into each of his corn acres, costing him \$17.50 per acre and taking him 55 hours on his \$45,000 tractor, which burns about seven gallons of fuel per hour at \$1.10 a gallon. He drove over every inch of soil again to mix it and break up large clumps with a disk harrow. Then he sprayed two herbicides against weeds that steal moisture and nutrients, costing him another \$15 an acre for only six weeks' protection.

Mr. Bailey likes to start planting May 1 and finish by May 10, when the ground is warmed to the proper 55 degrees. This year he started on May 1 all right, but he didn't finish planting until May 27 because of frequent rains. "After May 10," he said, "you figure to lose one bushel's growth per acre for every day's delay."

Mr. Bailey plants four rows at a time, 38 inches apart. One planter part makes a furrow 2.5 inches deep in the soil. Another deposits one seed every 6.8 inches, which costs him \$19.50 an acre. Another arm closes the furrow. A digital readout confirms each planting and sounds an alarm should a seed fail to fall. Two inches to the side and two inches below each seed, yet another arm pumps into each acre, at a \$10 cost, 30 pounds of phosphorus, 30 pounds of potassium and 10 more pounds of nitrogen. This provides an initial nutritional boost for the roots, which grow down 60 inches during corn's 125-day life.

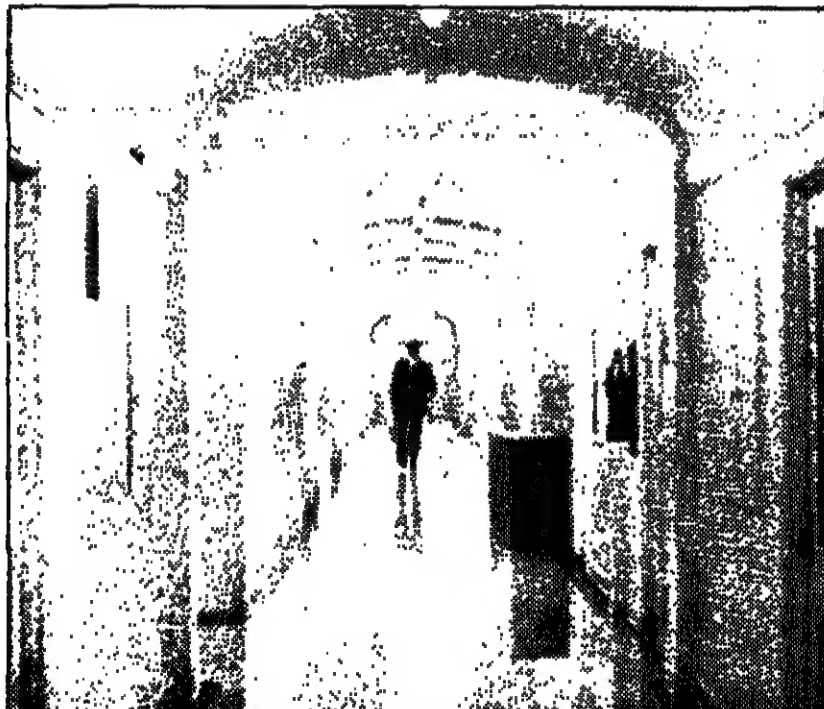
Then comes a sprinkling of insecticide granules (\$7 an acre) against cut worms and rootworms. If their toll cuts the corn plant population below 16,000 per acre, the whole planting process must be repeated. When corn is six inches tall, the soil is turned between rows to kill late weeds and to aerate. In July, little gray moths lay worm eggs on corn leaves. If these corn borers infest half the plants, the entire field must be sprayed.

Often, the insects' target is corn's tender, vital silk. Each strand of silk, once pollinated, makes one kernel. Each cob has about 700 kernels. Each bushel has about 7,000 kernels, enough to feed one hog for eight days or fill three dozen 12-ounce boxes of corn flakes.

The size and number of kernels is also determined by heat and moisture. "Ideally," said Mr. Bailey, "we'd get three-quarters inch of rain at 10 P.M. every other Saturday." This year there was too much rain too soon, then not enough. But the ground saved the excess spring moisture and August was humid, reducing damage.

As a result, Mr. Bailey's harvest is yielding about 120 bushels an acre, a little above his average. Frost, which shuts down all growth instantly, came 12 days early, and those lost days cost Mr. Bailey about 20 bushels an acre. He recouped the loss a bit on the 20 extra acres he planted late that May night before the rains made planting impossible for many days. Because he worked extra then, those stalks got an additional week's growth early in the season.

Much of his crop Mr. Bailey will keep to feed his own livestock. Depending on when, where and to whom he sells the rest, he might just make a few cents per bushel on the average \$2.70 price. Any profit would go toward covering losses on other crops or animals. "By Thanksgiving, we'll be done in the fields for this year," he said. Then, 35 days later, the whole cycle begins again.



The General Services Administration building on Friday after Government employees were sent home.

chairman of the Appropriations Committee, predicted that the bickering might not be over by the end of the month. "In all likelihood, if we're here until that period of October," the Oregon Republican said, "we can look forward to a (post-election) lame duck session."

Earlier in the week, it seemed Congress might make its Friday adjournment deadline when the Senate voted 53 to 45 to scuttle a civil rights measure, thus ending a conservative filibuster. The bill, which had passed the House by a wide margin last summer and was sponsored by two-thirds of the Senate's members, would have overturned a Supreme Court ruling that critics said narrowed the scope of civil rights enforcement to certain programs rather than entire institutions.

"This is a sad day for civil rights and a shameful day for the U.S. Senate," said Senator Edward M. Kennedy, Democrat of Massachusetts.

More Red Ink In Chicago

No one was ready to declare it an epidemic, but the banking industry was shocked last week to learn that for the second time this year a big Chicago bank had come down with a serious case of bad loans.

The similarities between the two cases were strong enough to prompt the latest victim, the First National Bank of Chicago, to declare that its first loss ever — \$70 million to \$74 million for the third quarter on net writeoffs of \$279 million in nonperforming loans — in no way put it in the same category as the Continental Illinois Bank and Trust Company. Continental, which was saved from failure in May by the cure of last resort, a \$4.5 billion Federal bailout, reported a \$1.6 billion loss for the second quarter of 1984.

First Chicago was, of course, not happy to put such a large lump of losses on its books, but it was widely

with the underground reserves within a few days.

Pentagon officials said that if such a base were to be constructed it would not go into operation until well into the 1990's. Cost estimates have ranged up to \$50 billion.

Four Poor Years For Blacks

Polls consistently show that President Reagan is held in low esteem by black Americans, and a report by the Center on Budget and Public Priorities, a nonprofit research group in Washington, may help explain why. The center, which frequently criticizes the Administration, said in a study released last week that Mr. Reagan's policies had devastated poor blacks and threatened the black middle class.

The study, "Falling Behind: A Report on How Blacks Have Fared Under the Reagan Policies," was based on recent government and private research. It concluded that blacks generally had lower incomes and higher poverty and unemployment than they did in 1980, and that the economic gap between blacks and whites had widened, with black family income declining by 5.3 percent, after inflation.

Among black families, those with two parents and one income were the hardest hit, experiencing an average loss of \$2,000 in disposable income. At the same time, poverty among blacks reached its highest proportion, almost 36 percent, since the Census Bureau began collecting such data in 1968. Unemployment among blacks went from 14.4 percent in 1980 to 16 percent two months ago.

"We are pursuing policies that actually make black Americans worse off and divide them further from white America," said Robert Greenstein, director of the center.

Carlyle C. Douglas,
Michael Wright
and Caroline Rand Herron

One Sparrow in Three Isn't Ready for Combat

Small Missiles Incur Outsized Problems

By WAYNE BIDDLE

WASHINGTON — With Congress content to finance the military establishment at nearly \$300 billion a year and with such blockbuster weapon projects as the B-1 bomber and Trident submarine rolling merrily along, voters might wonder in this election season whatever happened to the great defense issues. Even the MX missile program, which must run a gauntlet of four votes of approval on Capitol Hill next spring, will still get almost three billion new dollars free and clear for fiscal year 1985, which began last week.

In Congress's seemingly endless deliberations last week, only one major weapon came under the whip of budgetary discipline. The Army's Sergeant York anti-helicopter gun, criticized by Congressional and Pentagon investigators alike, was slashed deeply.

To find the contentious issues this fall, it is necessary to look a bit lower on the scale of destruction. In recent weeks, several comparatively run-of-the-mill weapons such as the Navy's Phoenix, Sidewinder and Sparrow air-to-air combat missiles; the Army's TOW antitank munitions; and the Air Force's Maverick air-to-ground missiles have felt the kind of political heat once reserved for the likes of B-1 or MX.

The reason is not that these weapons have suddenly come to be regarded as a threat to the East-West balance or a drain on the Treasury, but that they apparently have pervasive workmanship and maintenance problems.

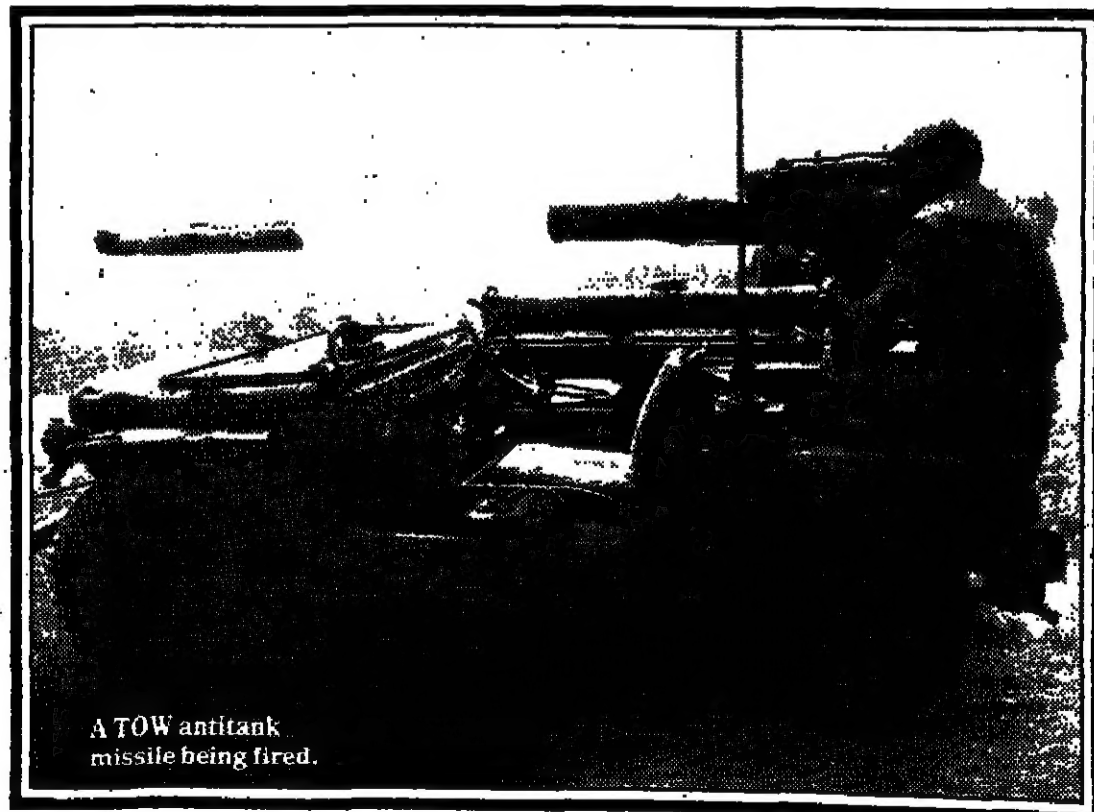
Good-News Briefings

This may explain in part why the Reagan Administration has decided to hold regular press briefings until Election Day to keep everyone up to date on how the Pentagon is cracking down on corrupt or shoddy manufacturers. At the Hughes Aircraft Company in Tucson, Ariz., managers are waiting for the Air Force to approve a new quality control program that will enable production of Phoenix, Maverick and TOW missiles to resume after a shutdown that began in June.

Although the common conception of these tactical missiles may be that they are a relatively simple sort of explosive skyrocket, their price tag points to their complexity. One Phoenix, a supersonic radar-guided missile, is worth nearly \$1 million. The Navy asked Congress to buy 400 of them in fiscal 1985.

From an engineering perspective, building these devices and keeping them usable in the field is, in the view of many analysts, like trying to provide state-of-the-art car stereo systems for demolition derby drivers.

Frank C. Conahan, director of the General Accounting Office's national security division, told



A TOW antitank missile being fired.

Congress recently that about one-quarter of the Navy's Sidewinders and one-third of its Sparrow air-to-air missiles were found to be "unserviceable" for combat use when the accounting office examined Navy records at the beginning of the 1984 fiscal year.

Lawrence J. Korb, the Assistant Secretary of Defense for manpower and logistics, acknowledged that more than one-fifth of the Navy's combined Sidewinder and Sparrow arsenal is currently stuck in the maintenance or upgrade pipeline. He laid the blame partly on having to seek competitive contracts to get the work done.

Mr. Korb said that in the Sidewinder's case, a maintenance contract held by Ford Aerospace and Raytheon expired on September 30, 1983. Because of a Congressional mandate in the fiscal 1984 military authorization bill calling for "competition initiatives," the Pentagon put the work up for competitive bidding and did not select contractors until March 29 of this year. Mr. Korb said a missile maintenance backlog accumulated during this delay. What he did not tell Congress was that Ford and Raytheon won the competition.

A similar situation surrounded Sparrow, but in

this case the delay was much shorter. Raytheon and General Dynamics held maintenance contracts that expired on Feb. 16 and March 26, 1984, respectively. The Pentagon's "competition initiative" resulted in Raytheon's getting its work back on March 31 and General Dynamics on March 30.

With the Pentagon planning to request more than \$20 billion for anti-armor weapons such as TOW and Maverick over the next five years and with new generations of air-to-air missiles already on the assembly lines, there is no doubt about the military commitment to these munitions. Their cost and complexity, however, seem to undercut battlefield dependence on vast quantities traditionally associated with common ammunition.

Mr. Conahan told Congress, for example, that the Army and Marine Corps have been forced to use computerized simulators to train their gunners rather than actually firing the new Stinger antiaircraft missile, because each missile costs \$76,000. Infantry platoons of the future, in other words, may go into battle without ever having shot a live round of a weapon designed to be their last line of defense against enemy aircraft.

The World

A Nicaraguan Election Deal Falls Through

For a time last week, a way out of the political and military skirmishing in Nicaragua seemed possible. But the optimism died quickly as the Sandinista leadership, the political opposition, the United States and the armed rebel groups showed no hurry to compromise.

In Rio de Janeiro, leaders of the Socialist International promoted a draft agreement by which the Nicaraguan Government would postpone a presidential election from Nov. 4 to Jan. 13. This would allow participation by a leading opposition candidate, who would be given access to radio and television. In return, the C.I.A.-backed rebels would cease their attacks and accept a cease-fire. But the opposition, led by Arturo José Cruz, could not deliver a rebel agreement, the Sandinistas rejected any thought of an amnesty and the agreement collapsed. For the moment, the election will take place Nov. 4 with no opposition of any standing to give it credibility.

Well-known Socialist figures like former West German Chancellor Willy Brandt and former Venezuelan President Carlos Andrés Pérez said they were not giving up but they faced formidable obstacles. One was the Reagan Administration's basic hostility to the Nicaraguan Government, which had led the United States to reject a regional peace treaty sponsored by the so-called Contadora nations—Mexico, Panama, Venezuela and Colombia—after Nicaragua accepted it. The pact would bar outside intervention in Central America or any support for insurgent forces, while providing for free elections and other democratic reforms. The treaty would prevent the United States from helping El Salvador fight its insurgency but does not provide guarantees that Nicaragua would comply, according to United States officials.

At week's end, Senate Republicans were still pushing for funds to help the Nicaraguan rebels. House Democrats remained opposed. At the United Nations, Daniel Ortega Saavedra, the Sandinista leader and presidential candidate, accused Washington of planning a military offensive for Oct. 15. The State Department called the charge "obviously absurd."

From Hong Kong To Taiwan

China undoubtedly had Taiwan in mind when it successfully negotiated with Britain to recover Hong Kong when the lease runs out in 1997. The Hong Kong precedent was only four days old when China renewed a bid last week to regain what it considers another lost territory.

Prime Minister Zhao Ziyang reiterated China's offer to allow Nationalist-held Taiwan to keep its capitalist system, which has given the island's 18.5 million people a measure of prosperity not yet matched on the mainland. On the surface, the terms seemed more generous than those Britain accept-

ed. Hong Kong is assured of keeping its capitalism for only 50 years after it becomes Chinese, whereas the offer to Taiwan appeared open-ended. Taiwan would also be allowed more autonomy, keeping its armed forces, whereas Chinese troops would garrison Hong Kong.

"Our proposition of one country, two systems after reunification is most reasonable," Mr. Zhao said. But the Taiwan Nationalists, sworn enemies of the Communists who displaced them on the mainland in 1949, are likely to prove much more recalcitrant than the British. The Government in Taipei has rejected similar offers as a propaganda trick designed to lure the Taiwanese into the Communist fold.

Peking accompanied its conciliatory offer of negotiations with a warning to third parties like the United States to stay out of "China's internal affair." The day after the proposal, China put on an unusual display of military might at a huge parade in Peking to celebrate 35 years of Communism. But officials emphasized the defensive nature of China's new missiles and armor and the peaceful nature of its overture to Taiwan. Diplomats thought the display was meant to be a morale booster for the Chinese military, who have gotten a low priority in the country's drive to modernize.

Beirut Embassy Is Found Lax

President Reagan last week accepted responsibility for the bombing of the United States Embassy in Beirut Sept. 20 and indicated the case was closed. The next day, it was reopened by both Democrats and Republicans of the House Select Committee on Intelligence, which accused officials of ignoring warnings of terrorist attacks.

The committee did not present the same picture of faulty intelligence that Mr. Reagan had offered as an explanation of why the embassy was caught off guard by the attack, which killed two Americans, seven Lebanese employees and between five and 15 other Lebanese. "The probability of another vehicular bomb attack" against an American installation in Beirut "there had been two others—'was so unambiguous that there is no logical explanation for the lack of effective security,' the committee said. The President had pointed to the "near destruction of our intelligence capability" before he took office.

The United States reportedly has information implicating a terrorist group known as Hezbollah, or the Party of God, in the various attacks on American installations. The group, based in the Lebanese town of Baalbek, was said to have been supplied with explosives by Iran.

The Administration has insisted that adequate measures were under way when the embassy was hit. The work was 75 percent complete, according to the State Department, which said that "if there was negligence involved, we will find it."

A Peace Bid In Mozambique

Mutual interest led South Africa's white rulers and Mozambique's black Marxists to agree in March not to support rebellion against the other. But the war by the Mozambique National Resistance against President Samora M. Machel's Government continued and Mozambique was starting to have second thoughts about its pledge to deprive the African National Congress of a principal base against South Africa.

After more hard diplomacy, South Africa announced last week it had arranged a truce between the Mozambique Government and the insurgents. In return for recognition as Mozambique's leader, Mr. Machel agreed to allow the rebels to sit on a cease-fire commission and to accept South African troops in his country to monitor the agreement.

How effective the agreement would be remained a big question. No date was set for the end of the eight-year conflict. Shortly after the announcement in Pretoria, one of the Mozambique delegates, Evo Fernandes, predicted the conflict would "continue and may escalate."

Henry Glinger
and Mik Freudenheim



Chinese troops marching at National Day parade in Peking last week.

Verbatim: The 'Worst Victims'

"The developing countries have been (the world recession's) worst victims. Their vulnerable economic and social systems have been ravaged by the crisis, which is compounded by a deterioration in their terms of trade, a reduced level of external demand for their goods, high interest rates, reduced flow of official and private resources and a crushing and unprecedented burden of external debt."

Sahabzada Yaqub Khan,
Foreign Minister of Pakistan, speaking to the United Nations General Assembly last week.

White House Promises an End to Interdepartmental Squabbling

Arms-Control Progress May Cost Jobs

By LESLIE H. GELB

WASHINGTON—Senior White House officials have passed word in recent weeks to diplomats and politicians that President Reagan, if he gets a second term, intends to put an end to almost four years of squabbling within his arms control team.

The overt message is that Mr. Reagan is serious about reaching nuclear arms accords with the Soviet Union, and that his campaign promises are more than mere political rhetoric. The message itself could be part of Republican campaign tactics but implicit in it is the President's understanding that he cannot successfully negotiate new arms reduction treaties unless he does something to curtail the power of the anti-arms control camp within the Administration.

This could mean that heads will roll, which may not be easy. All the top officials say they are for arms control, "real" arms control. They are all in favor of Mr. Reagan's military buildup and nuclear modernization programs. They are all against what they call cosmetic arms control or past agreements that, by their interpretation, did little to reduce arms and a lot to lull the American people into a false sense of security.

There are people in the Administration who admit to taking these pretexts somewhat more seriously than others, and these people have come to be labeled the anti-arms control cabal. Their intellectual and bureaucratic leader is universally recognized to be Richard N. Perle, Assistant Secretary of Defense for International Security Policy. His antagonist in what has come to be called the pro-arms control group is Richard Burt, Assistant Secretary of State for European Affairs.

The two Richards, as they are called, have come to dominate the internal deliberations largely because their superiors—Defense Secretary Caspar W. Weinberger and Secretary of State George P. Shultz—have not mastered the complex issues to the degree of most of their predecessors.

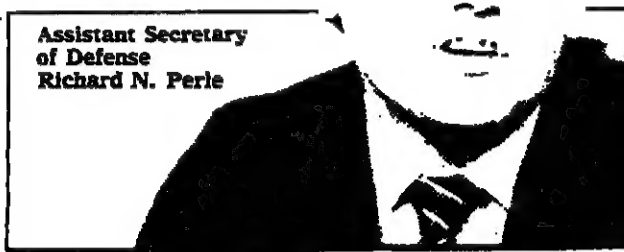
On space weapons, Mr. Perle objects to a moratorium on testing a new American antisatellite system and to anything that might jeopardize Mr. Reagan's space defense or "Star Wars" program. Mr. Burt argues for a three-year moratorium on testing the ASAT system.

On intercontinental-range nuclear forces, Mr. Perle argues that any meaningful agreement must involve deep reductions in Soviet heavy land-based missiles. Mr. Burt is less demanding and is readier to trade American advantages in cruise missiles to get something in return.

On medium-range nuclear forces in Europe, both seem comfortable with the Administration's



Assistant Secretary of State Richard Burt



Assistant Secretary of Defense Richard N. Perle

present offer of 300 warheads for each side, but Mr. Burt is looking for ways to end the deadlock in the talks that Moscow broke off last year by combining them with talks on intercontinental-range forces. These also were suspended by the Russians.

Both favor Mr. Reagan's proposal at the United Nations two weeks ago for "umbrella" negotiations, whereby talks on defensive space systems would be linked to talks on offensive weapons. But critics of Mr. Perle say he seeks this in order to overburden and thus scuttle both sets of talks, while Mr. Burt is prepared to trade away defensive programs to get Soviet concessions on offensive weapons.

It is difficult to follow the internal alliances. The State Department generally has the backing of Gen. John W. Vessey, chairman of the Joint Chiefs of Staff, and on matters pertaining to medium-range nuclear forces, of Paul H. Nitze, the American negotiator. The Defense Depart-

ment viewpoint is backed by Kenneth Adelman, the director of the Arms Control and Disarmament Agency, and when it comes to questions concerning intercontinental-range forces, by Edward L. Rowny, the American negotiator.

The pivotal and often decisive role in the feuding has been played by Robert C. McFarlane, the President's national security adviser, and his arms control specialist, Ronald F. Lehman. By all accounts, Mr. McFarlane and his staff have consistently tried to split the difference between the contending factions. Where the disputes have been too fractious, Mr. McFarlane has generally opted to postpone matters. He knows that the President prefers to receive consensus recommendations from his principal aides.

Will Perle Go?

There are reports that the White House would like to see Mr. Perle go. At the same time, the White House is well aware of the close relationship between him and Mr. Weinberger, and thus believes that the Defense Secretary will not ask Mr. Perle to leave without a direct order from the President. Also, Mr. Perle has considerable support among conservative Democrats and Republicans in Congress, and this contingent could very well become stronger as a result of the November election.

This conservative lobby on Capitol Hill would not be happy if Mr. Reagan also asked Mr. Rowny to step down. The pro-arms control group would like Mr. Nitze to head up both sets of talks on offensive nuclear forces. They feel that if anyone could figure out a negotiable formula with Moscow, it would be Mr. Nitze.

This may sound like nothing more than inside baseball, but all parties recognize that the choice of players at this level is a critical issue. Mr. Reagan is not an expert. Thus, no matter how serious he is about pushing for arms limitation pacts with Moscow, as he recently assured Foreign Minister Andrei A. Gromyko, he will have to rely on his principal lieutenants—beyond Mr. Shultz and Mr. Weinberger, who also are no experts. The system requires that they present Mr. Reagan with his negotiating choices, explain the risks and argue for or against the dozens of compromises that will have to be hammered out before any arms reduction treaty comes within hailing distance.

Manila Nervously Awaits a Report Fixing Blame for Aquino Murder



Anti-Government protesters in Manila last month ducking water and tear gas sprayed at them by the police.

Associated Press

U.S. Thinks Ahead to Post-Marcos Era

By STEVE LOHR

MANILA—The assassination of Philippine opposition leader Benigno S. Aquino Jr., which a citizens panel is expected to charge was the result of a military conspiracy, has led to a fundamental shift in United States policy toward President Ferdinand E. Marcos. The American Government, once passively wedded to Mr. Marcos, is now pressuring him to loosen his grip and to permit a renewal of democratic institutions.

Before Mr. Aquino was shot to death at the Manila airport on Aug. 21, 1983, Mr. Marcos, who became President in 1965, was viewed by American policymakers as a fixture. His authoritarian rule may not have been a brand of stewardship that Washington was necessarily comfortable supporting but he seemed to be, as one American diplomat put it, the only game in town. And whatever his shortcomings, the President was friendly to American interests, notably the presence of two of the largest American military bases outside the United States, Clark Airfield and the naval base at Subic Bay.

The American Ambassador at the time of the murder, Michael Armistead, had been dubbed "Armachose" by the local press for his closeness to the Marcos Government. Official contacts with opposition politicians and groups were limited. But the murder undermined the credibility of the Government, which maintained that the assassination was the work of a lone Communist gunman, and precipitated an economic crisis as worried investors took money out of the country. The political environment was also altered, with public support for the opposition growing substantially. This has been reflected in the big gains scored by the opposition in the National Assembly elections in May and in frequent anti-

Marcos demonstrations. A big one is planned for today with encouragement from the Archbishop of Manila, Jaime Cardinal Sin, a frequent critic of the President. Although he reluctantly authorized the rally after pressure from businessmen, Mr. Marcos accused the cardinal of seeking to "destabilize" the country.

Mr. Marcos has been president since 1965. It is evident that Mr. Marcos's control is waning and American policy is adjusting to the new reality. "We now recognize that a transition and a succession here are inevitable," a senior American diplomat said.

Washington has put a priority on institutional reform. Paul Wolfowitz, Assistant Secretary of State for Asian and Pacific Affairs, said in Senate testimony last month. Stronger institutions—the Assembly, judiciary, unions and private corporations—could lead to further erosion of Mr. Marcos's control and a reversal of the personalization of power he engineered.

A Parallel With Iran?

American diplomats frequently mention Iran when they talk of the Philippines. While they stress the differences, the underlying fear of American officials is the possibility that events in the Philippines could unfold as they did in Iran: the United States would be seen as tied to an unpopular authoritarian ruler and its interests would be compromised by his overthrow.

The view of these diplomats and also that of a recent Senate staff report is that while there is no imminent threat to the Marcos Government, there are disturbing trends, especially the growth of armed Communist insurgents, estimated at 10,000 to 12,500. The rise of the left is seen as directly related to the cronyism, corruption and poverty during Mr. Marcos's years in power.

The direct pressure that the United States can apply on Mr. Marcos seems limited. For the most part, it is expressed as public statements from the American Ambassador that are implicitly critical of the Government. Both Mr. Armistead, after the Aquino assassination, and his successor, Stephen W. Bosworth, who arrived in May, have employed this tactic. In addition, President Reagan cancelled a visit to Manila in November. Over the past year, contacts with opposition figures have increased.

Several moves that local critics demanded and the United States supported have been forthcoming. Imelda R. Marcos has publicly renounced any ambition to succeed her husband, the Assembly elections appeared reasonably fair by Philippine standards, and the investigation of the Aquino murder seems to have been thorough and independent, although the panel is reported divided on how far to go in its accusations.

One important form of American pressure arises from Filipino economic dependence on the United States. American banks are the principal lenders to the Philippines, whose foreign debt totals \$25.6 billion. The economy has deteriorated so badly in the past year that the country has been unable to keep up with payments on foreign loans and it is seeking a \$650 million standby credit from the International Monetary Fund.

In theory, the American Government and the private banks, the World Bank and the I.M.F. act independently. In fact, there are regular consultations between the Government, the bankers and international organizations. There is a community of interest on what changes are needed in the economy, one banker noted. The lenders want the Government's control over markets and industries reduced, and the monopolies run by the President's friends dismantled. They, too, are pressing for reform at Mr. Marcos's expense.

U.S. and Italy Cooperate in Effort to Break Organized Crime's Heroin Trafficking

The Mafia May Be Wounded But Nobody's Calling It Dead

By E.J. DIONNE Jr.

ROME — The Mafia is dead, long live the Mafia. Every major breakthrough against organized crime seems to yield the same result: exultant words from law enforcement officials, praise for new forms of cooperation among police forces, declarations that this time, things will be different.

And then, a few days later, come the sober thoughts that organized crime is so organized, so flexible and feeds on such powerful human weaknesses that no single event will ever be enough to break its power.

The last week has, without doubt, been an important one in the war against the Mafia. Following the revelations of Tommaso Buscetta, the police in Italy and the United States embarked on a series of arrests that both sides say will be critical in solving criminal cases, notably those involving the trans-Atlantic traffic in heroin. Moreover, Mr. Buscetta, a survivor from the losing side of a gang war in Sicily, gave the authorities information on the structure of organized crime and the drug trade that will serve them in the future. The central importance of the Buscetta case, however, may lie less in the particulars than in the political message: the United States and Italy now seem prepared to cooperate in the war against lawbreakers.

"What is very important is that the police and security forces in the U.S. and Italy have, in record time, put something together that has produced results," said Maxwell Rabb, the American Ambassador to Italy. "There is still a long way to go, and we cannot proclaim a final victory yet, but it is a very good start." This, Mr. Rabb argued, was very different from what had come before. "In the past, each side only had complaints about

the other," he said.

Public officials in both countries celebrated their new alliance against criminality in meetings in Washington at which everyone heralded a new era. With the help of a new extradition treaty that would, in effect, allow each country to "share" prisoners, little seemed to stand in the way of a full-scale war on the Mafia.

But even before the celebrating had begun, authorities in both countries were delivering words of caution. The Italian Interior Minister, Oscar Luigi Scalfaro, responding perhaps to the spectacular headlines that dominated the Italian press last week, warned that the Mafia had not been "decapitated" and that there was no "miraculous" cure to the ailments it represented.

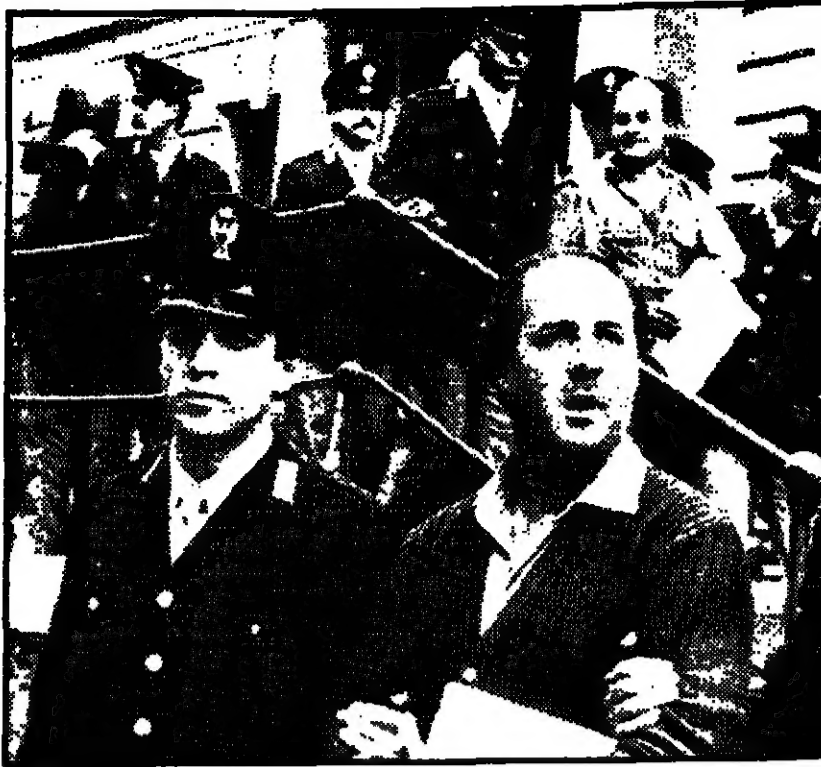
One thing that became clear is that Italians have few qualms anymore about the word "Mafia." Once upon a time — and still for some Italian-Americans — the word was viewed as an ethnic slur, a way of implying that an entire nation was engulfed in criminality.

The fight against words like "Mafia" and "Cosa Nostra" produced some positive results; the stereotyping of Italians and Italian-Americans became less socially acceptable as outspoken Italian leaders made sure that the sin was appropriately condemned.

Yet the process went further, to an implication that the very idea of organized crime groupings based in Sicily was purely an invention of headline writers, publicity-minded prosecutors and movie makers.

"In Italy, Sicilians said the idea of a Mafia was created by northern Italians," said Pino Arlacchi, an Italian sociologist and student of organized crime. "In the United States, to defend themselves against prejudice, Italian-Americans felt they were under an obligation to minimize an important part of their history."

Last week, Italians at least showed no qualms about



Police rounding up suspected organized-crime figures near Palermo, Sicily, last weekend.

the word "Mafia" or the idea behind it. From Prime Minister Bettino Craxi on down, Italian political leaders declared that the Mafia was something to be fought, and if possible, destroyed. Pope John Paul II joined the fray, appealing to Italians to break the Mafia code of silence and end "the tragic chain of vendettas."

For Professor Arlacchi and others here, accepting the idea of highly organized criminal groupings is central to holding them in check. Students of the Mafia here argue that one must reject folkloric stereotypes of families, rules and rituals — stereotypes fed, to some degree,

tion has been observed for at least three years. "Prosecutors have to look at single trees," he said, "so they can't always see the forest."

For Italians especially, there is another question: What are the Mafia's political connections here and what can be done about them?

This is the toughest issue, and one on which Mr. Buscetta threw only dim light. In the current atmosphere, the public pressure will be to throw open all the doors. But how long this mood lasts and what will be done about it depends on people more important than Mr. Buscetta.

Both Police and Miners' Violence Were Condemned by Labor Party Leader Last Week

The Coal Strike: a Struggle Against 'Mrs. Thatcher's Britain'

By R.W. APPLE Jr.



Police scuffling with striking coal miners in Dover, England, last month.

LONDON — For almost seven months, Britons have been watching on television a spectacle that has horrified most of them. Several times each week, the nightly newscasts have pictured violence of an unusual kind — coal miners hurling stones, battling the police and blocking trucks in a desperate effort to give their strike some economic impact.

These bitter scenes and division in the union — about 50,000 of the 180,000 miners have continued to work — have played into Prime Minister Margaret Thatcher's hands.

The traditional public sympathy for the men who do such dirty, dangerous work has been submerged in revulsion at violence on the picket line and attempted intimidation of those who have stayed on the job. The lack of solidarity within the National Union of Mineworkers has made it all but impossible for their combative left-wing president, Arthur Scargill, to gain the kind of support he needs from the rest of the British trade-union movement.

Last week, in a passionate speech to the annual Labor Party conference, Mr. Scargill sought and gained support for a resolution condemning police violence without mentioning that done by some of his own men. But the union leader, who was served with a writ accusing him of contempt of court, also heard Neil Kinnock, the party leader, make a balanced statement. "I abhor violence, I damn violence, all violence, without fear or favor," Mr. Kinnock said.

Mrs. Thatcher remains adamant. On a recent visit to York, she told a news conference that Britain would turn into "a museum society" unless old, uneconomic industries were permitted to modernize. She will not be moved, the Prime

Minister keeps saying, even if the onset of cold weather and dwindling coal stocks at the generating stations force her to order power cuts in January or February.

The dispute centers on modernization, although it has now become, to some degree, a test of political will between Mrs. Thatcher and Mr. Scargill rather than a straight industrial struggle. The Prime Minister and the man she selected to head the National Coal Board, a crusty 72-year-old Scot named Ian MacGregor, who has spent most of his working career in the United States, want to close pits that are not exhausted but are uneconomical to work.

Mr. Scargill, who has watched the industry — and his union — shrink steadily over the last two decades, wants to close only those mines that contain no more coal or are unsafe. Repeated attempts have failed to bridge the difference.

Modernization Is Costly

Many left-wing politicians and commentators agree that the Coal Board has made a generous offer to the miners, including a pledge that no one currently employed will lose his job. But that is not what the strike is really about. Mr. Scargill appears to be trying to arrest the creation of what is known here as "Mrs. Thatcher's Britain," a society far less dependent on heavy industry. The by-products of that process are more than three million unemployed, and many millions more living in poverty amid urban decay and industrial dereliction across wide sections of the Midlands and northern England, while in the south most people's living standards have risen steadily.

That the major resistance has come from the miners is hardly surprising, for they have long formed the vanguard of the British union movement, with their quasi-religious banners and hymns and martyrs. Their position is now under

threat not only because of the shrinkage in their numbers, but also because the industry restructuring that Mr. MacGregor proposes would scatter the men and their families, breaking up the minehead villages from which the union has always drawn its strength.

Some prominent Britons have in the last few weeks begun to talk about the strike in something other than black-and-white terms. Two bishops, both of them, through no coincidence, from the north, have gained the broadest attention with their barbed comments. The Rt. Rev. David Jenkins, the new Anglican bishop of Durham, a city steeped in mining lore, denounced the Government as "outrageously self-righteous, deeply inhuman and damnable dangerous."

The Most Rev. Derek Worlock, the Roman Catholic Archbishop of Liverpool, described the strike as "a symptom of the failure of our society to come to terms with the post-industrial age." He asked: "What is to happen to whole communities when the industry with which their lives have been bound up and upon which their livelihood has depended is judged to be no longer profitable, practical or even the best way of doing things or of serving the wider community?"

There are signs that Mrs. Thatcher is beginning to see unemployment as a political and social menace at least on a par with the inflation she has so steadfastly battled against. In her recent cabinet shuffle, she moved one of her closest advisers, David Young, into the House of Lords and named him to the cabinet as a minister without portfolio with special responsibility for unemployment, which jumped to 13.6 percent last month. And in an important speech in Washington two weeks ago, the Chancellor of the Exchequer, Nigel Lawson, termed joblessness Britain's "one outstanding worry" and hinted at several new strategies for fighting it.

A Confident but Still Cautious Mubarak Celebrated His Third Anniversary in Power Last Week

Egypt Gains in Fight to End Its Diplomatic Quarantine

By JUDITH MILLER

CAIRO — Hosni Mubarak had ample cause to celebrate last week as he marked his third anniversary as President of Egypt. After Jordan's decision to restore the ties it severed in 1979 after President Anwar el-Sadat made peace with Israel, there were predictions in Cairo that other Arab states would follow.

Jordanian officials said King Hussein had done so because "the Egypt of Hosni Mubarak is no longer the Egypt of Anwar Sadat." Amman's pronouncements notwithstanding, it is Jordan, not Egypt, that has changed its stance. While Cairo's relations with Israel have been characterized since Israel's invasion of Lebanon as a "cold peace," or at times a "deep freeze," the Israeli flag still flies in Egypt. If other states do follow Jordan's example, Cairo will continue to insist that it be on its terms.

The normalization process has been gradual but steady, despite efforts led by Syria to keep Egypt out in the cold until it abandons its peace with Israel. Jordan initially signaled its intention to restore relations when President Mubarak and King Hussein met in March 1983 at a summit conference of nonaligned nations in New Delhi and announced that they had virtually identical views on the Arab predicament. In December, the two countries signed a trade protocol that eased the way for economic cooperation.

A similar agreement was signed late last year with Iraq, which has purchased an estimated \$1 billion of weapons from Egypt during its war with Iran. Because of Egypt's staunch support, Iraq is likely to be the next Arab state to restore relations, Arab diplomats say.

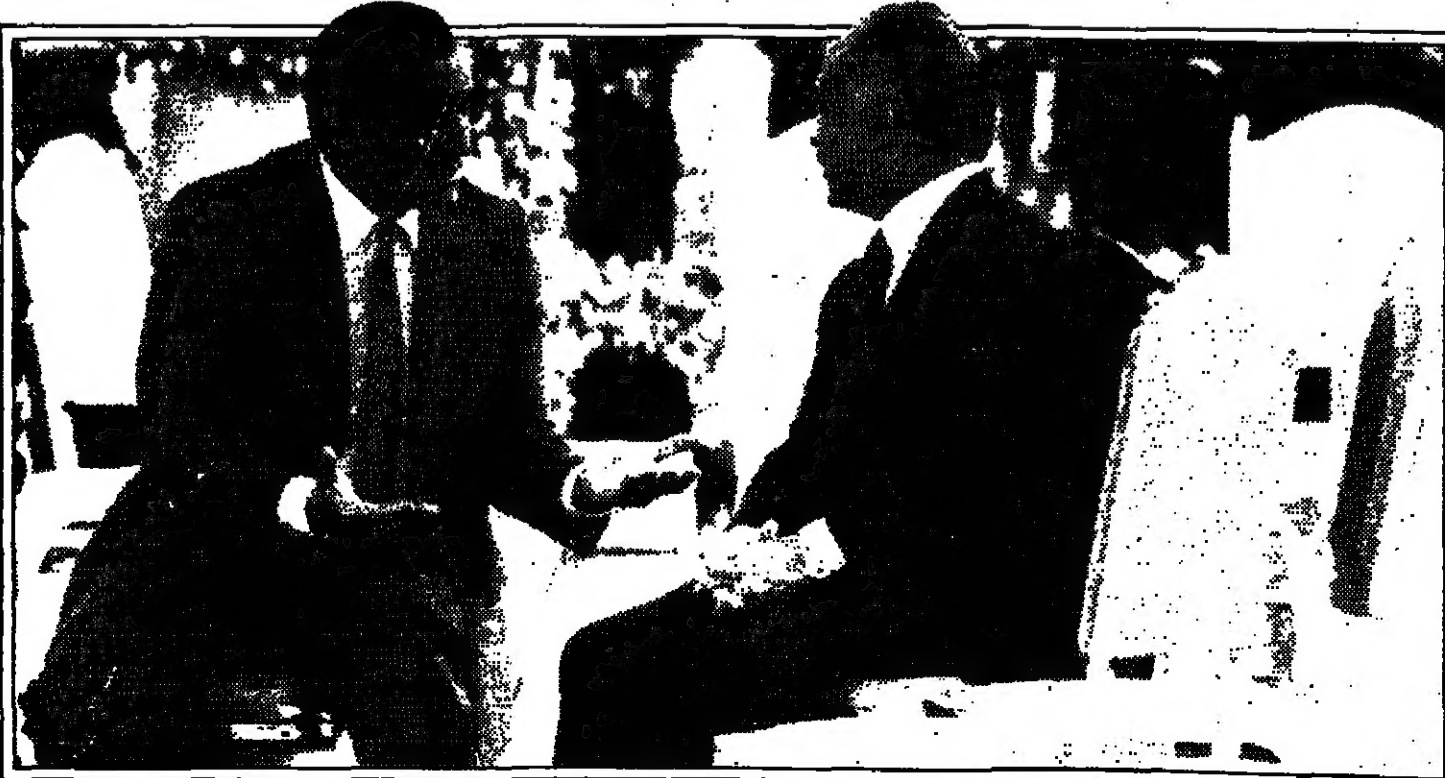
In December, Yasir Arafat, the beleaguered chairman of the Palestine Liberation Organization, became the first Arab leader to return to Cairo since the 1979 break. Last week, reports from Kuwait quoted Mr. Arafat as urging all Arab states to restore ties with Egypt to "save the Palestinian cause." The phrase indicated his predicament. The P.L.O. leader has been battling Syrian efforts to oust him as head of the P.L.O. Unable to make amends with Syria, Mr. Arafat appears for the moment

to have taken Jordan's and Egypt's cause against radical Arab states that want to keep Egypt isolated.

Mr. Mubarak has had other victories. Last year, Egypt won a seat on the United Nations Security Council, despite Saudi Arabia's promotion of another candidate. In January, the 45-member Islamic Conference Organization invited Egypt to rejoin, ending a suspension imposed in 1979.

Two other recent attempts by Arab radicals to maintain Egypt's ostracism also failed. In New York last month, Egypt was elected to head the so-called Group of 77, an economic alliance that includes 128 countries in Africa, Asia, and Latin America. At a meeting of 10 foreign ministers from Mediterranean countries last month in Malta, Egypt quashed a Syrian challenge to its presence. Cairo, bolstered by its foreign successes, including

the restoration of full diplomatic relations with Moscow, has also recently taken the offensive against more radical Arab states. Confronted by circumstantial evidence that Libya planted mines in the Red Sea and Gulf of Suez and that it planned to bomb the Aswan High Dam and block the Suez Canal, President Mubarak warned Libyan leader Col. Muammar el Qaddafi that he was "playing with fire."



Egyptian President Hosni Mubarak (left) with Jordanian King Hussein at meeting in New Delhi last year.

Egyptian officials said that Defense Minister Abdel Halim Abu Ghazala, among others, has been advising Mr. Mubarak to stage a retaliatory strike against Libya. The President, cautious as ever, has resisted although he was believed to be considering barring Libyan shipping from the canal. Without absolute proof of either the mining or of a plot to attack the dam and the canal, it is feared that Egyptian action against a fellow Moslem state, even one as radical as Libya, would retard Egypt's reintegration into the Arab world and damage other Egyptian goals. The official Libyan press agency angrily rejected the charges last week, accusing Mr. Mubarak of seeking a pretext to carry out aggression.

Egyptians also hope to use their strengthened position to promote, after the American elections, talks aimed at resolving the Arab-Israeli conflict. Jordan has denied that the restoration of ties with Egypt implied a resumption of a peace process. But Egyptians privately disagreed.

"It is important to note that the first Arab country to restore ties with Egypt was also the only other Arab country specifically mentioned in the Camp David peace accords," a senior official said.

Britain Sheds Its State Companies

Mrs. Thatcher's 'privatization' is going forward — with a barrage of criticism.

By BARNABY J. FEDER

FIRST comes the stately music. Next a serious masculine voice announces that Kleinwort Benson Ltd., one of the leading merchant banks here, is issuing a commercial message "on behalf of Her Majesty's Government." Then comes the pitch: send for the prospectus of British Telecom, the state-owned telephone monopoly that the Government is taking to market next month.

Many in the City, as London's financial district is known, see the unprecedented drum-beating for a new issue as a questionable business practice, but it's not hard to figure out why the Government believes the extraordinary campaign is needed. The sale of 51 percent of the shares of British Telecom for an estimated \$4 billion to \$5 billion will be by far the biggest equity offering in British history. To make it a success, the Government needs to attract both private and overseas investors in addition to the British pension funds, insurance companies and other institutions that are the major stockholders here.

The Government also has an important political motive for wanting hundreds of thousands of average Britons

| Company (1983 Revenues) | Date of Sale | Amount Raised | Comment |
|------------------------------------|----------------|--------------------------|--|
| British Petroleum (\$41.2 billion) | 1984-84 | \$1.04 billion | Government reduced amount held from 49% to 31.7% |
| British Aerospace (\$2.9 billion) | 1980-81 | \$54.6 million | Government retains 49.3% |
| British Sugar (\$755 million) | 1981 | \$54 million | |
| Cable & Wireless (\$825.5 million) | 1981-83 | \$55.8 million | Government retains 23.1% |
| Britoil (\$1.52 billion) | 1981-83 | \$796 million | |
| Jaguar Cars (\$600 million) | 1984 | \$377 million | Government limits single shareholders to 15% of shares outstanding |
| British Telecom (\$8.6 billion) | November, 1984 | \$4-5 billion (estimate) | |
| British Airways (\$3.3 billion) | Spring, 1984 | n.a. | |

These other major nationalized companies also are to be sold, wholly or in part, to the private sector, but dates of sale have not been set: The Post Office, \$3.5 billion in 1983 revenue; British Rail, \$3.9 billion in 1983 revenue; British Leyland, \$4.3 billion; British Shipbuilding, \$1.1 billion; British Steel, \$4.2 billion, and the National Coal Board, \$4.5 billion.

to participate. The Telecom sell-off is the biggest single step so far in the effort of Prime Minister Margaret Thatcher's Conservative Government to increase the role of private enterprise in the economy — a pro-

gram, known as "privatization," that is aimed at revitalizing business, cutting costs for consumers and taxpayers, and making more people feel they have a direct stake in Britain's economic health. British Telecom's

sale is expected to raise almost as much as the \$4.3 billion raised by the all of the sales of state-owned businesses since Mrs. Thatcher took office in 1979. The sale of the company, with its 18 million customers, 240,000 employees, and its near-monopoly on telephone services, is thus widely viewed as the program's most important test yet.

"The true test of public thinking on privatization will come with the acceptance or not of the British Telecom offering," said Paul Nield, the economist with the stockbroking firm of Phillips & Drew.

So far, privatization is getting mixed grades. Critics complain that the Government and its financial advisers have frequently misread the market, overpricing some issues and underpricing others. They note that, with most of the shares gathered in institutional hands, privatization has been largely unsuccessful at turning Britons into capitalists. The program's defenders counter that many of the newly privatized companies have already become more profitable and that, whatever its short-term problems, privatization is gaining momentum, both in Britain and abroad.

Apparently untroubled by such criticism, Mrs. Thatcher shows no sign of changing course. So far, she has returned to the private sector such companies as Ferranti P.L.C. (defense systems, industrial electronics), Inmos P.L.C. (semiconductors), Cable & Wireless P.L.C. (telecommunications equipment maker and systems operator), British Aerospace P.L.C. (aircraft, satellites, and missiles), and, most recently, luxury car maker Jaguar P.L.C. The Government has also sold ports, hotels, ferries, trucking, oil exploration and production, and shipbuilding operations. And beyond the sale of state businesses, privatization has extended to the sale of more than 750,000 units of public housing to tenants, and the contracting out to private enterprise of a host of services, such as garbage collection, that it has routinely provided.

British Airways, aircraft-maker Short Brothers, aircraft engine-maker Rolls-Royce Ltd., more shipyards, airports, bus services, parts of B.L., formerly known as British Leyland, and British Steel, and armaments factories are all being prepared for sale before the next election, which must take place by June

The Economy

1988. Should the Government win a third term, most of British Gas, the public electric power generating system, and parts of the coal industry are considered likely targets for privatization. "No state monopoly is sacrosanct," warned John Moore, the Treasury Financial Secretary overseeing the program, following the Thatcher Government's re-election last year.

Economists and stock market analysts in the City of London estimate that, including Telecom, the asset sales could raise almost \$10 billion over the next four years. The total sum is small in comparison with Britain's annual budget, but large enough to have a significant impact on the nation's borrowing needs. The \$1.5 billion in net proceeds from the sale of shares in state enterprises during the fiscal year that ended last March 31 allowed Britain to cut its borrowing by 9.5 percent, to \$14.26 billion. Revenue projected from further sales is built into the Treasury's effort to make room for long-promised tax cuts, one integral part of the Thatcher platform that the Government has failed so far to deliver.

In selling off so many nationalized companies, Mrs. Thatcher is undoing the handiwork of the past 40 years. While some enterprises, such as the telephone system, were taken over early in this century, most of Britain's nationalization occurred under the postwar Labor Government of

that, during its days as a nationalized company, would have been lost in months of Treasury Department review.

The National Freight Company, the trucker sold to employees in a modified management buyout in 1981, has become profitable and is expanding for the first time. And at two shipyards, Tyne and Scott Lithgow, private owners have negotiated cost-cutting union contracts and thus eliminated the immediate threat of closure. Even the prospect of privatization next spring has turned British Airways, once one of the world's least-efficient airlines, into one of the most profitable, Treasury officials assert.

But Mrs. Thatcher's political opponents and some independent economists say that these companies' gains come from a variety of other factors, including the general economic recovery. They say that companies with sophisticated products, like British Aerospace, are benefiting from investments made when they were under state control. They argue that the savings achieved from rationalizing the labor force in the name of efficiency have lengthened the dole queue that the rest of society must support. Finally, they say, what the British Airways turnaround demonstrates is that the Government, if it wants to, is perfectly capable of running a business efficiently.

As the sales have continued, some critics have become more concerned with the mechanics of privatization than with the underlying rationale. In some cases, the Government's City advisers pegged the price too low, embarrassing Mrs. Thatcher with gains for speculators as trading began and prices soared. In others, notably Britoil, a combination of tight pricing and adverse market trends between the day the prospectus was issued and the actual sale got the Government a good price but stuck underwriters with an estimated three-quarters of the stock.

More fundamentally, critics charge that the Government's pursuit of revenue from the sales is at odds with its much-proclaimed devotion to competition. That charge has been given new urgency by the impending sale of British Telecom and the planned sale of British Airways, which currently controls over 80 percent of scheduled British air traffic. If the Government were to undercut the monopoly powers of those companies to encourage competition, as has been urged, they would lose much of their allure for investors. Not only would the Treasury get a lower price, it might also have trouble convincing average Britons and foreign investors to buy shares at all.

To create some competition for British Telecom, the Government did license Mercury Communications Ltd., a subsidiary of Cable & Wireless, to provide basic telephone services. Although Cable & Wireless is in a strong position to fund investment, even the staunchest supporters of privatization concede that it will not be for years, if ever, that Mercury becomes a significant competitor. The Government has accordingly set up a new regulatory office and announced numerous restrictions in Telecom's license. Still, Telecom has been left with most of its vast market clout intact, and there are widespread doubts that the new Office of Telecommunications will be strong enough to control it.

Critics say that Telecom and British Airways are just two of many examples that prove that the Government's main purpose in privatization is raising revenue.

'This is the first government since 1906 that really believes in the marketplace.'

—Prof. Michael Beesley

Prospects

Inflation Heating Up?

The Producer Price Index, which has served as a security blanket for many inflation worriers since January, should show signs of fraying next Friday. Some economists, such as Jason Brenderly of Kidder, Peabody & Company, say the September index could rise as much as one-half of 1 percent, compared with an increase of three-tenths of 1 percent for August, and no change at all for the previous three months.

"You can blame the rise mostly on the surge in oil prices that started in August, the month that the September figures actually measure," he said. "By comparison, the Consumer Price Index for September, which is due out on the 24th, will be reflecting current prices."

Mr. Brenderly also noted that the P.P.I. only covers prices at the wholesale level, including imported goods, which are relatively cheap because of the dollar's continuing strength. That ameliorating effect keeps the lid on the P.P.I. But the C.P.I. weighs the cost of goods and services at the retail level. Those services — such as volatile items as medical costs, housing costs and repair bills — are increasing. Thus it is likely that inflation, as measured by the C.P.I., will be rising at an even faster rate than the P.P.I. indicates.

U.S. Bonds in Demand

While the strength of the dollar has been a nightmare for companies trying to export goods, it has been a boon for corporate borrowers tapping the foreign credit markets. The eagerness of overseas investors to buy dollar-denominated American bonds has enabled many corporations to replace bothersome short-term financing with long-term, fixed-rate debt.

This is why a record \$14.4 billion, or one-third of all American corporate bonds, were issued overseas in the first nine months of 1984, compared with \$7.3 billion, or 10 percent, for all of 1983. The previous record was in 1982, when domestic corporations issued \$15.1 billion of bonds overseas, or 21.1 percent of all American bond issues, according to Salomon Brothers Inc.

"In fact, more U.S. corporate bonds were issued abroad in September than domestically," said Ronald

M. Stuart, managing director of the international corporate bond department at Salomon Brothers.

A Dubious Indicator

Few important economic statistics are as unreliable as Washington's monthly national retail sales figures. That is because the early figures are usually revised radically the next month.

For example, in July, the initial figure showed a drop of nine-tenths of 1 percent in retail sales; a month later the figure was amended to reflect a drop of 2 percent.

"Nobody knows what the September figure will be or whether the August figure of minus eight-tenths of 1 percent will be revised," said Joseph H. Ellis, retailing specialist at Goldman, Sachs & Company. "At best, the figures are of dubious and short-term value. We prefer to look at inventory numbers, and why people are shopping or not shopping."

Recently, Mr. Ellis found that on July 30 the combined inventories of 10 major retail chains he monitors were up a huge 19.5 percent from the 1983 level. This led to heavy sales promotions in August. Why, then, were sales poor in August? The Olympics, he replied. "If only 5 percent of potential shoppers watch TV, it can have a tremendous impact on retail sales."

Looking ahead, Mr. Ellis expects the inventory number to shrink to 15 percent by the end of this month, and the rate of growth in sales to slow over the next nine months. Why? "Credit loads and other factors normal at this stage of an economic expansion should slow the growth of sales during this period," he replied.

Toy Boom Expected

Because more adults are entertaining at home with games, 1984 promised to be a boom year for many toy makers well before they prepared for Christmas. Alfred C. Weber, financial director of the Toy Manufacturers of America Inc., a trade group, said: "Worldwide retail sales of just one adult game, Trivial Pursuit, have passed \$700 million thus far this year. Sales of related question-and-answer games, as well as such theme games as Raiders of the Lost Ark, are also adding up."

Sales of Cabbage Patch dolls, particularly those that come with babies, are still strong, Mr. Weber noted. So are the new "Gobots," toys that children can break down and reassemble in various forms.

The toy makers expect wholesale sales of all toys this year to rise 12 to 15 percent from last year's \$7.5 billion. That was off 1 percent from the 1982 level, partly because of the collapse in computer games, a sector still moribund.

H. J. Maidenberger

WEEK IN BUSINESS

Loss From Loans at First Chicago

More Trouble in Chicago. First Chicago, the nation's No. 8 bank, said it would report a loss of as much as \$74 million in the third quarter because of bad loans to the domestic energy and agribusiness industries and overseas shipping and construction companies. However, the bank and Federal regulators, as well as analysts, were quick to point out that First Chicago's troubles were not as grave as those of Continental Illinois National Bank and Trust, whose near-collapse shocked the industry earlier this year. And First Chicago's chairman, Barry F. Sullivan, predicted that the bank would be profitable again in the fourth quarter.

First Chicago's problems are being attributed in part to tighter oversight by the Comptroller of the Currency, which is forcing the bank to take a higher loan loss provision on the questionable loans. The banks are also scrutinizing more closely the loans they put on their books, in the wake of Continental's crisis. Some in the banking community believe that First Chicago's actions could lead to write-downs at other money-center banks.

Falling Again. The nation's overall unemployment rate fell one percentage point, to 7.3 percent in September, resuming a decline that had been stalled or slightly reversed in the past few months. The fall, to the lowest

rate since June, seemed to support economists' views that an increase in July was an aberration. Analysts said they expected the rate to hold steady in the coming months as economic growth continues to slacken.

Slow, But Still Moving. Factory orders fell 0.7 percent in August, with the declines spread nearly across the board. Purchasing managers were less optimistic in their latest survey, noting that employment expansion has stopped. New-home sales fell 8.1 percent in August to the lowest rate this year, 25 percent below December's peak. But construction spending rose 0.2 percent in August.

The stock market reversed four sessions of losses on Thursday, but fell back again on Friday. The Dow Jones industrial average, on a downward trend for the past month, ended the week at 1,182.53, down 24.18. Short-term rates fell moderately amid general investor optimism; bond prices improved markedly Friday amid speculation that the Federal Reserve policy-making committee had decided to stay on the sidelines. The basic money supply fell \$2.4 billion in the latest week.

Gold Fever. The Bank of England, seeking to head off trouble in the important London Gold Market, took over the banking unit of Johnson Mat-

they, one of the world's leading gold traders. The bank feared that defaults on the problem loans at the unit loans could affect the parent's gold-trading operations.

Departures at Philbro-Saloman. David Tendler, the co-chairman of the huge commodity trading and investment banking house, resigned, leaving control in the hands of John H. Gutfreund. The move had been expected since Mr. Tendler stepped down two months ago as co-chief executive. His resignation was viewed as a victory of the investment banking arm over the commodity trading arm, especially since the company also announced about 250 layoffs from the commodity operation.

A Steelmaker Diversifies. National Intergroup, parent of National Steel, announced plans to merge with Bergen Brunswig, a big drug and electronics distributor. The \$500 million stock deal caused some puzzlement, since the price is considered below both the market and book values of the steelmaker. But some analysts noted that National, with its cyclical and old-line businesses, has a lot of cash from its sale of half of the steel operation to Nippon Kokan, while Bergen needs the cash to continue its rapid growth.

Disney-Mania. Michael D. Eisner, the new chairman and chief executive

of Walt Disney, picked Jeffrey Katzenberg, president of movie productions at rival Paramount, to head Disney's troubled motion pictures and television operations. The wealthy Bass family of Texas nearly doubled their stake in Disney to 16 percent, then bought the 7.7 percent stake held by the investor Irwin L. Jacobs. The share purchases, at a cost of about \$306 million, gave the Bases 25 percent of Disney, effectively purging the board of dissidents and removing the company from the takeover targets list.

Miscellaneous. The Securities and Exchange Commission charged four former Texas Instruments employees with insider trading. Gillette is selling its Cricketer disposable lighter line to Swedish Match. A troubled GTE sold half-a-million low-cost phones to a liquidator, indicating it will concentrate on higher-priced equipment. The Government approved, with conditions, the purchase of Arco's aluminum assets by Alcan Aluminum. ARA Services approved a sweetened \$880 million leveraged buyout offer. Gulf and Western agreed to sell its sugar operations to a group of investors led by Alfonso Fanjul and his brother, J. Pepe Fanjul, Florida sugar producers.

Merrill Perlman

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCTOBER 5, 1984

(Consolidated)

Company Sales Last Net Chng

AT&T 8,549,100 18% - 1%

Disney 8,150,500 55 - 3%

Cle El 5,847,600 18 ...

Ill Powr 4,663,500 20% ...

Sperry 4,544,600 35% - %

Al Rich 4,445,600 51% - %

IBM 4,409,700 121% - 3

Mer Lyn 4,088,200 27% - 2

Sears 3,716,200 31% - 2%

Tandy 3,715,600 24% - 1%

EDS 3,684,100 45% - %

Colg Pal 3,554,500 25% + 2%

Pet Chic 3,539,100 20% - 5%

Ft Tel 3,510,400 63% - %

Exxon 3,476,900 44% + %

MARKET DIARY Last Prev.

Advances 668 939

Declines 1,312 1,054

Total Issues 2,219 2,246

New Highs 52 86

New Lows 51 41

VOLUME Last Year

(4 P.M. New York Close) Week To Date

Total Sales 415,048,280 17,838,370,103

Same Per. 1983 401,119,160 16,623,002,422

WEEK'S MARKET AVERAGES

High Low Last Change

New York Stock Exchange

Index 111.0 109.2 109.3 -2.32

Transp 87.3 84.9 85.8 -1.83

Utilities 48.4 48.0 48.1 -0.45

Finance 92.0 89.8 90.1 -2.51

Composite 95.2 93.8 93.8 -1.88

Standard & Poor's

400 Industrials 187.4 182.9 183.3 -4.02

20 Transp 140.2 135.6 136.9 -3.30

40 Utilities 71.2 70.4 70.7 -0.48

15 Financials 17.5 16.8 16.9 -0.57

500 Stocks 166.7 162.2 162.6 -3.42

Dow Jones

30 Industrials 1208.1 1174.5 1282.5 -24.18

20 Transp 525.5 508.5 515.0 -2.58

15 Utilities 139.3 136.4 138.2 -0.88

65 Combs 478.1 463.1 467.3 -6.88

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCT. 5, 1984

(Consolidated)

Company Sales Last Net Chng

TIE 1,770,200 9% - 2

KeyPh 1,479,400 11% - 2%

BergBr 1,395,400 23% + %

WangB 1,141,700 25% - %

DataPd 1,080,000 16% - 5%

DomePet 543,000 23/18 -1/18

Amdahl 472,200 11% - 1

EchoB 447,800 10% ...

CrytO 432,300 5% ...

Deimed 364,700 4% + %

MARKET DIARY

Advances 229 311

Declines 221 417

Total Issues 897 894

New Highs 28 40

New Lows 43 35

VOLUME

(4 P.M. New York Close) Week To Date

Total Sales 26,125,200 1,171,435,180

Same Per. 1983 39,880,105 1,683,323,464

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVILLE DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER, Publisher
A. M. ROSENTHAL, Executive Editor
SEYMOUR TOWSE, Managing Editor
ARTHUR GELB, Deputy Managing Editor
JAMES L. GREENFIELD, Assistant Managing Editor
LOUIS SILVERSTEIN, Assistant Managing Editor
MAX FRANKEL, Editorial Page Editor
JACK ROSENTHAL, Deputy Editorial Page Editor
CHARLOTTE CURTIS, Associate Editor
TOM WICKER, Associate Editor
JOHN D. POMFRET, Exec. V.P., General Manager
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J. A. RIGGS JR., Sr. V.P., Operations
HOWARD BISHOP, V.P., Employee Relations
RUSSELL T. LEWIS, V.P., Circulation
JOHN M. O'BRIEN, V.P., Controller
ELISE J. ROSS, V.P., Systems

Rabbits and Reality in Louisville

The first panel of a recent political cartoon shows a meeting of the Cabinet at which President Reagan is asleep. The second panel shows a Cabinet meeting with Walter Mondale at which the Cabinet is asleep. That might be considered a gross caricature of the Presidential campaign so far, but only until tonight. No one will be asleep when the next stage of the campaign begins in Louisville with the first televised Presidential debate.

Does your side have any rabbits, a Mondale adviser was asked not long ago, to pull out of the hat? The debates, he said: They offer the best hope of breaking out of the flat trajectory discernible in Mr. Mondale's own demeanor. "I would rather lose a race about decency," the Democratic nominee said last week, "than win one about self-interest."

With his campaign facing double-digit disaster at the moment in the public opinion polls, his well-wishers hark back for encouragement to Harry Truman's upset win in 1948.

President Reagan, meanwhile, continues his audacious raids on the opposition's Hall of Fame. He now proposes to kidnap even Truman, the Democrat whom Republicans once most loved to boo, by scheduling a whistle-stop tour through Ohio along the same route and in the same railway car that Truman used in 1948.

At the end of the first stage of the campaign, Mr. Reagan seems so comfortably ahead that every volunteer TV consultant in the land is advising Mr. Mondale how to behave tonight: Try to rattle the President and make him mad. No, treat the

Presidency with respect. . . No, seem respectful but patronize Mr. Reagan as confused, out of touch, poorly informed.

Whichever course Mr. Mondale follows, if any, and whether or not he can produce a rabbit tonight, the debates offer something of value to almost everyone. True, they are not formal debates in the crossed-sword sense; the candidates will be separated by a moderator and interrogators. But neither are these debates merely simultaneous press conferences with a little back talk.

For earnest advocates of good government and public education, like the sponsoring League of Women Voters, the debates provide something that transcends winning and losing: a sterling forum for discussing issues. Tonight's agenda, for example, concerns domestic issues and the economy.

For others, impatient with dry civic virtue, the debates offer a chance for the public finally to zero in on a campaign that so far has flashed past in disjointed moments. Debates offer a fairly long look at the candidates' bearing and wit, quickness and character.

Finally, the campaign may so far lack a strong dramatic theme, but when the candidates appear in each other's presence, they create dramatic tension. In a campaign of transparent Teleprompters and packaged pageantry, it's richly reassuring to see the candidates shielded by no more than podiums and what they remember from their briefings. They can only prepare so much. In the course of 90 minutes, there's a good chance that some reality can intrude.

Going With the Wind in Nicaragua

Nicaragua's Sandinistas risk blowing away a chance to demonstrate their popularity and to confound their most bitter critics. All along President Reagan has insisted that they would never permit reasonably free elections or genuine democracy. If they go forward with plans to hold a general vote on Nov. 4, they will confirm Mr. Reagan's thesis.

That is the big print in the agitated arguments about whether to postpone the Nicaraguan vote until January so that the leading opposition contender, Arturo Cruz, can fully participate. With delay, the Sandinistas could also test Mr. Cruz's assurances that "contra" rebels will halt their attacks by Oct. 25. If that promise proved empty, the onus for wrecking the election would fall on the insurgents and their American patrons.

The Sandinistas should see only benefits from accepting a deal with Mr. Cruz as brokered by European socialists and Latin American democracies. They reckon his support at 10 percent in a nine-party contest. Then why not meet his terms for a campaign that would enhance their standing without threatening their power?

Because, they say, the registration deadline has passed and cannot be reopened, an objection scarcely worthy of the stakes involved. A second argument is that while Mr. Cruz may be bargaining in good faith, he cannot count on the support of his own coalition. If that's the game, why not expose it by giving Mr. Cruz what he wants?

Face, not sense, seems a better explanation for

a foolish refusal to grasp a precious opening. Hard-liners among the Sandinistas scorn postponement of the vote as capitulation to the Reagan Administration. Thus may their own intolerant ideology propel them on the very course that a hostile Washington predicts.

It would not impress many Americans if Nicaragua carries out its announced election and dares to call it "pluralist." A tolerated opposition is being allowed a modicum of scope, just as in the old days of the Somoza dictatorship. But as with Somoza, who also controlled the army and most of the media, the vote would be meaningless, only confirming the Government's iron grip on power.

Going forward would also undercut Nicaragua's shrewd endorsement of the 21-point regional peace treaty proposed by the Contadora four: Mexico, Venezuela, Colombia and Panama. Caught off guard, the State Department has finally agreed that, yes, the treaty is a worthy document except for details on timing and verification of its disarmament provisions. But Contadora also calls for free elections in Central America, and Nicaragua wants its vote to qualify.

If Nicaragua's nine ruling commandants live in the real world and are serious about Contadora, let them deal seriously with Mr. Cruz. Not since the Sandinistas swept to power in 1979 has there been a more promising opening for a regional settlement. But it's going with the wind, and within days could be gone.

The Worm and the Apple

The Right Track

Puddle Jumpers

The track around the Central Park reservoir may be the most popular running facility in the world. By one informed estimate, 10,000 people run around it every day, and they come in all shapes and styles.

Some circle the 1.58-mile cinder track alone, others in twos, threes, even sixes. Some are turned out in chic Gore-Tex running suits, others in reverse chic, like faded Oxford University sweatshirts. Some talk; others, who haven't built up their wind, listen. Some merely jog; a friend in his 40's says he's often passed by a woman who must be in her 60's. Others really run, at paces of seven or six minutes a mile.

But not on mornings after it has rained. On such days, everyone, whether jogger or runner, has to practice a different, dirty and even dangerous sport: puddle-jumping. The reservoir track drains so poorly that in places, water collects in vast sheets. Even two and three days later, the track is dotted with puddles that produce congestion, collisions and occasional injuries.

What makes all this especially deplorable is that only four years ago the Uris Brothers Foundation gave \$246,000 to rebuild the track, to which the city added another \$70,000. An elaborate drainage system was installed, topped with cinders, all neatly edged with a wooden curb. Why has the track degenerated so soon? The responsible agency, the

City Department of Environmental Protection, says that the cinders, intended to be porous, have instead compacted and become impervious to drainage.

The agency spent \$15,000 last year to resurface some of the track and expects to do the same again next month, by which time nearly half the track will be repaired.

Progress, to be sure, but at that rate, it will take four years, a great deal of exasperation and some number of injuries before the whole track is in shape. That's too long a run-around to make it fit to run around. To the Department of Environmental Protection, a worm.

Snow White

Regular riders of New York's Broadway IRT subway take some things for granted. They know they're apt to be ankle-deep in trash. That smoke and fire are a constant worry. That the map on the wall will be obscured by graffiti. They also know better than to expect anything better. But better exists, in the form of a 10-car train called Snow White.

Snow White is the chief d'oeuvre of the cleaning crews at the 242d Street subway yard. Determined to show New York what a lot of elbow grease can do, they've turned a dirty train into a monument to soap, brooms, paint and polish. Snow White's been running for six weeks now, and is still clean. The passengers, one worker says, "have more respect for it."

If the rest of the cars got compara-

ble attention, they'd probably get more respect, too. Now, Robert Kiley, the M.T.A.'s chairman, promises that they will. He proposes hiring 300 new car cleaners, enough to keep about a third of the subway system's cars graffiti-free. He also promises a start on cleaner stations.

Subway riders have learned that M.T.A. promises are almost as prevalent as graffiti. And even clean cars can get trapped in fires. Keeping only a third of the cars clean, furthermore, is not exactly a heroic goal. But it is, at last, a specific goal, and the new management team deserves a chance to show it can meet it.

Vandalism Reversed

School buildings have always tempted vandals. During the 1970's, intruders broke through inadequate security and antiquated alarms to break glass, steal food and equipment and set fires in scores of New York City schools.

In the peak year, 1979, the Board of Education suffered \$6 million in such losses. Now, five years later, there's good news. The small security unit formed that year is making a difference. Outdated alarms have been replaced. Sensing devices, like magnetic door contacts and motion detectors, have resulted in a steady decrease in school property losses.

The total last year was still \$4.4 million. But the progress made so far is worth an apple for the school security officers. Respect for education begins with respect for school property.

Letters

Language: The Importance of Our Big Words

To the Editor: Sheila Klass's Sept. 22 Op-Ed article, "For Mr. Johnson, the Elements of Style," was supposed to convince us, if we ever had any doubt, that long words and a complex style have no place in estimable American English.

The adult student in her freshman composition class on whose linguistic excesses Miss Klass focuses emerges as a caricature. The pseudonymous Mr. Johnson will see the light once he turns away from his "hard-cover rhetoric," masters Strunk and White and disavows all those "Building Your Vocabulary" courses he's taken in an effort to move up from his present job.

Miss Klass's attitude is typical of those (not just teachers) who have embraced plainness as a self-justifying ideal. Complex language, they tell us, is an impediment to communication and a mask for unclear thinking. Speech we can't immediately understand is only an instrument by which its user intends to deceive, mislead or sell snake oil.

As someone who teaches undergraduates and writes regularly for an academic audience, I want to rise in Mr. Johnson's defense. He may be guilty of stylistic overzealousness or exhibitionism, but his love of words, especially "monumental words" (as

Miss Klass puts it), ought to be saluted, not caricatured.

It is fashionable these days to ridicule bureaucratic gobbledegook, to recognize maintenance engineers as the janitors they really are. Of course, such efforts should be encouraged. But we ought to stop promulgating the Anglo-American cant that equates complexity with pomposity. The sesquipedalian monstrosities of bureaucratese, with its meretricious striving to impress colleagues and clients, are too easy a target. And a red herring.

It is just this sort of fishy straw man that helps keep the mistaken notion alive that complicated ideas must be expressed in simple language. Or, to put it another way, that there are no difficult ideas for which difficult language is appropriate.

Obviously, bad diction exists in spoken and written form, whether the ideas it is intended to express are simple or not. But we should stop hemming each other in linguistically. Why must I constantly shackle my knowledge of English vocabulary in order to satisfy the phony attitude that, at bottom, we're all just folks that think the same and talk the same?

As someone who also uses languages other than English habitually,

I know that in other countries (Japan and Russia, for example) speakers with a range of styles are not only allowed but socially encouraged to give them free rein. Flattering out the contours of your linguistic persona gains you no special points.

What, then, should we think of vocabulary-building courses? There is every reason to support them. The trouble is with their institutional purpose: to make students pass word-power tests. Nobody ever really wants those who have mastered recondite words to use them in living contexts. People are thus taught that their active vocabulary can just as well remain impoverished for life. The Mr. Johnsons of our society should not be told to forget big words but to save them for big thoughts.

There may be some justification in being contemptuous of quickie self-improvement courses, but the thrust of Miss Klass's narrative should not go unchallenged. Language works as a mirror of thought. Those who advocate sacrificing its multifariousness on the altar of Everyman's shortcircuit the cause they profess.

MICHAEL SHAPIRO
Princeton, N.J., Sept. 22, 1984

The writer is professor of Slavic languages and literature at Princeton University.

Of Poets, Madness and a Statistical 'Sham'

To the Editor: I write with, alternately, raised brows and a scowl in response to the Sept. 23 U.P.I. report "Creativity and Madness Are Linked, Study Says."

Specifically, I wish to question the soundness of statistical generalizations based on 18 individuals, and, more specifically, to ask what precisely is meant by "nearly 20 percent of the 18 poets . . . had suffered at least one [serious] episode of manic depression?" The whole sham, I'd say, shows up in that "nearly."

Twenty percent of 18 is 3.6. Clearly, then, no more than three individuals (16.6 percent of 18) had suffered an episode, unless one of the British Gold Medal poets suffered only six-tenths of an episode, or only six-tenths of him (his whole torso and nine-tenths of his left leg, perhaps?) suffered one.

Yet the "20 percent" ("20 per hundred") formulation is trying to stretch it to four poets; and even four, out of almost 20 (nearly 25), isn't very many. Similarly with "more than 50 percent . . . received medication": more than nine but less than 10? The same metaphysical screwiness weakens both formulations.

This would all be very amusing if it didn't seem at the same time so positively sinister. Has the idea come when even poets — who historically have typified the meaning of human diversity, of heterogeneity at the levels of the very psyche — are to be amalgamated into some uniform

statisticians' mush ("87 percent male and overwhelmingly Protestant") and held up to derision, pity and emotional denaturation?



Joe Chang

of the most gray, pernicious sort? Artists, writers and poets are 35 times more likely to produce works of art than the average person (or average psychiatrist); in fact, they are infinitely more likely to produce them than the average person. That such a study was framed and undertaken at all is sadder than its silliest findings.

JEFFREY GUSTAVSON
Brooklyn, Sept. 25, 1984

Living Death's Pain

To the Editor: Two articles in The Times of Sept. 23 — "Many See Mercy in Ending Empty Lives" and "A Patient's Story: The Struggle to Save a Life Already Lost" — affected me profoundly, and for a very personal reason.

Our 27-year-old daughter has been in a deep, irreversible coma for nearly two years, the result of a fall. To some it would seem that modern medicine has saved her life. To me it has only delayed her death. The continuing pain and anguish of such a "living death" is indescribable.

The issue must be faced head-on: There is an enormous difference between the reverence for life and the misplaced insistence on prolonging a life that is, in truth, really over. The latter course is unconscionable. And the cost, both emotionally and financially, is overwhelming.

CARYL ELLER
North Miami Beach, Fla., Sept. 27, 1984

A Litmus Test on Peace That Reagan Can't Pass

To the Editor: I find it profoundly ironic that President Reagan stated in his U.N. address that "the treatment of peace groups may be a litmus test of government's true desire for peace" [news story Sept. 25]. Using this test,

High-Tech Driver Curbs

To the Editor: If technology has advanced to the point where a car can "talk" and inform the driver about needing gas, why can't it be programmed to warn a driver about speeding? And why not a device that senses the alcohol on a driver's breath and locks the starter when the driver is drunk? Along with the privilege of driving when and where we like should go acceptance of our responsibility for the safety of others.

ELEANOR W. BLAU
Bronx, Sept. 20, 1984

his Administration's own treatment of the American peace movement can only be rated extremely acid.

Mr. Reagan has maligned the citizens' movement for a U.S.-U.S.S.R. nuclear weapons freeze with accusations ranging from being Communist dupes to jackasses. Although the freeze proposal is consistently supported by the vast majority of Americans, even within his own party, he remains its most adamant opponent.

There is nothing new in Mr. Reagan's responding to peace initiatives by attacking its advocates. He has opposed every arms control treaty ever signed by the U.S. and has attacked various peace movements which have advocated them.

Now he would have us believe that he is open to peace efforts. His own litmus test reveals the truth.

(Rev.) ROBERT MOORE
Executive Director
Coalition for Nuclear Disarmament
Princeton, N.J., Sept. 26, 1984

Portrait of the 'Wealthiest' on Mondale's List of Tax Targets

To the Editor:

Walter Mondale has announced his plan for \$85 billion in new taxes "which would fall on the wealthiest Americans." This is the lion's share of the \$177 billion cut in the Federal deficit he promises to make by the end of the decade (news story Sept. 11).

Yet as pointed out by Jonathan Fuerbringer in a news analysis of the same day, Mr. Mondale is in fact reaching down "into the middle class to come up with the final results" he seeks.

This is where Mr. Mondale's reasoning (and politicking) goes awry. The flashy pronouncement about soaking the rich does not withstand analysis. The Treasury Department has told Presidents of both parties time and again that the middle class is where the revenue is.

According to Mr. Mondale's advisers, three-quarters of the additional taxes would be paid by American families who make more than \$80,000 a year. This is pure campaign rhetoric.

As a father of three children, two of whom are still in college, I must budget \$15,000 per child per year, after taxes. In New York City, where I reside, anyone (blue-collar, white-collar or "wealthy American") can

easily figure out that I need to earn at least \$80,000 before taxes (Candidate Mondale's "wealth threshold") to pay for the education of one of the most precious things in life — my children — leaving me and my wife \$11,000 for housing, food, clothing and the rest. I have no personal fortune; what I have is what I earn from my own labor, very much like the vast majority of my fellow citizens.

Millions of Americans are in a similar situation, many of them already retired but still paying off loans for their children's education. Rich? Wealthy? The question begs its own answer.

True, an American with \$80,000 a year earns twice as much as his next-door neighbor who earns \$30,000 (not after taxes, though). The big difference is that the former is not eligible for educational loans (nor are his children eligible for scholarships), while the latter and his children can

enjoy both. This is a form of social justice which is peculiar to America, and with which most Americans will probably agree.

But Mr. Mondale has not seen this — or has chosen to look the other way — in his campaign diatribe against the "rich Americans." He is in dire need of being reminded of that contemporary American phenomenon known as the "poor middle class."

One cannot but wonder whether a candidate who is committing such a gross oversight is qualified to lead this nation of "poor, blue-collar, white-collar, poor middle-class and a few truly wealthy Americans" for the next four years. Mr. Mondale's gamble on the tax issue is not going to pay off because the facts are against him and his rhetoric. Americans of whatever income level are smart enough to know a candidate in need of issues when they see one.

IVAN V. KERN
New York, Oct. 3, 1984

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WASHINGTON
James Reston

Debating The Debates

WASHINGTON

The debates between Messrs. Reagan and Mondale have come to be regarded as the World Series or playoffs of American politics—the ultimate test of each one's skill to preside as No. 1 over the nation.

Like so many other things on television, the debates look better than they are. It is only then that the two candidates come together before the people. But debating is not the same as governing.

Debating illustrates personality and dramatizes a candidate's ability to think on his feet, but one of the few things a President ever has to do in the conduct of his office is to debate his policies in public.

Under the parliamentary form of government, as in Canada or Britain, the prime minister's capacity to debate is critical, not only in the parliament but in the cabinet.

Margaret Thatcher, for example, has to debate the Labor and Liberal opposition every day when the House of Commons is in session. More than that, she has to debate her policies with her own Cabinet, for while she chooses her Cabinet members, they can bring her down unless she convinces them.

Not so in the United States. Under our system, the President doesn't debate, he decides. He is protected by "executive privilege" from answering the questions of Congress personally or ever appearing there except to be sworn in for "four more years." And though he may listen, he is not bound by the judgment of his own Cabinet. As Mr. Lincoln said when his Cabinet was once unanimously against him, this one vote will count.

This is not an argument against the Reagan-Mondale or the Bush-Ferraro television debates, but merely a suggestion that they should be rated PG for parental guidance. Some historians think Lincoln lost the Lincoln-Douglas debates but was a pretty good President. Others think Jimmy Carter was an effective debater but an ineffective President.

So what's the point of these debates? The main thing is that they get the people's attention, which these days, considering the indifference of the voters, is quite an achievement.

'They are essentially press conferences'

Everybody recognizes Mr. Reagan, but nobody knows much about Mr. Mondale. The so-called debates get them on the magic screen, where we live, so for an hour the TV illusion will be, or seem to be, a reality.

But these are not really "debates" between two candidates debating the issues for decision in the next four years. They are essentially press conferences with reporters chosen and used by the candidates to state the questions, and to referee and cut off the answers. Why the reporters, other than for ambition, get involved in this political game is not quite clear.

On balance, President Reagan was generous in agreeing to debate Mr. Mondale. He is so far ahead in the popularity polls that he could have skipped the match and taken the flak for doing so. By consenting, against the advice of Jim Baker, his chief of staff, and other advisers, he gave Mr. Mondale a platform of comparison.

The President doesn't mind giving Mr. Mondale equal time on television under his rules. He has demonstrated that there is no question he cannot evade, and under the two-minute rule of these debates, this should be easy.

Mr. Mondale can attack him and even ridicule him for his failures in Lebanon and Central America, and his spectacular financial deficits, and his stalemate with the Russians, but Mr. Mondale has to be careful.

For debates between a President and his opponent in an election are not an equal thing. The President can dismiss Mr. Mondale as a clone of Jimmy Carter, no matter how unfair that is, but it is much harder for Mr. Mondale to ridicule and express his contempt for the President's record, which no doubt he feels, for this involves contempt for the Presidency, which most voters would resist.

So everything goes Mr. Reagan's way in these Sunday evening interruptions in the baseball playoffs. Even if Mr. Mondale attacks the President in the debates, the chances are that the voters will, if they pay attention, concentrate on the attacks, rather than the issues, and side with Mr. Reagan.

So the interesting thing about these debates is not what Messrs. Reagan or Mondale think, but what the people think about what is at stake in these political exhibitions.

The evidence in the polls so far is that they are not thinking much about the issues, but mainly about the personalities. Are they choosing a leader or going to the movies? This is the real question about the "debates."

By Zygmunt Nagorski

For the first time since I arrived in America shortly after the end of World War II, I fear for our future. I haven't lost faith in the vitality of the country, and I still see great opportunities for newcomers like myself. What concerns me is what seems to be a gathering storm of intolerance.

It isn't hard to recognize the symptoms of a people that is giving up its freedom. Among the most dangerous are a general willingness to accept slogans rather than facts and a tendency to blame others for one's own mistakes. I see both of these symptoms in America today.

Popular slogans tell us that we are better off and stronger than ever before. True, most Americans, untouched by the drastic budgetary cuts affecting social services, continue

Zygmunt Nagorski, born in Poland, came to America in 1948.

to live well in an economy based on credit and future deficits. But something very different is happening in our cities.

Today's urban underclass is underemployed, underfed and besieged by crime. Single heads of households, mostly women, see their chances to work eroded by elimination of day-care centers. Young blacks and Hispanics account for the highest percentage of unemployed teenagers. Yet many better established Americans ignore their plight as something irrelevant to the general welfare of the nation.

What about the slogan that we are militarily stronger? True, we have better hardware and more sophisticated weapons than ever before. But what about the soldiers who stand behind those weapons? Does the American soldier have the educational background to understand how to operate a complex weapon? Does he have the kind of faith in his society that is required of a committed soldier? Our defense relies heavily on

A 'gathering storm of intolerance'

nonwhite young people, the same people whose social welfare we have come to neglect so badly. Many of our soldiers have been educated in public schools in the poorest regions of the country, and even if they have finished high school the chances are that they are nearly illiterate.

Drugged as we are by easy slogans, we tend to ignore the real problems facing the country and resort instead to blaming others for our mistakes. Intolerant groups like the Moral Majority breed hate among us and encourage the Government to visit that hatred on selected groups. Yet others urge us to focus our hatred on

the Soviet Union and its allies.

Meanwhile, a wall of slogans also seems to protect the President and his associates from criticism of their foreign policy. Thus, we have allowed our relations with other countries to become a kind of shadow play. How else can we explain the visit of Soviet Foreign Minister Andrei A. Gromyko and the Kafkaesque kingmaker role he was allowed to play during the final weeks of our Presidential campaign? The Administration was preparing the electorate for another set of slogans: "We are negotiating from strength. We are willing to talk." Dancing around Mr. Gromyko was part of the game.

But by far the most disturbing aspect of our political scene today is the response of the electorate. Instead of revolting, instead of asking for a full account of our recent foreign policy disasters—in the Middle East and Central America, to cite just two examples—people seem only to forgive and forget. Instead of demanding that we reconsider our budgetary

priorities—that we curb our preoccupation with military power and turn back to solving the real problems of human misery in this country—the majority of Americans seem willing to go along, swallowing the Administration's comfortable slogans.

In the process, we are undermining our values, perhaps even losing the very soul of our nation. Will we be able to reverse the tide? It is far from certain. It is no longer a question of whether Republicans or Democrats are in charge. The responsibility belongs to the American people.

It was 150 years ago that Alexis de Tocqueville wrote: "In America, the majority rises very formidable barriers to the liberty of opinion. . . . If ever the free institutions of America are destroyed, that event may be attributed to the unlimited authority of the majority which may at some future time urge the minorities to desperation."

This, I fear, is exactly what may happen tomorrow. That is why I fear for our future.

Voodoo and illusion? Or the key to prosperity?

Reaganomics — an Utter Failure . . .

By Berkley Bedell

Reaganomics has been a disaster. That this voodoo casts its spell after four years of dismal experience is a tribute to impression-management.

The facts belie the image. Just look at the pillars on which Reaganomics stands: generation of jobs, supply-side investment, interest rates, overall national economic strength and security.

According to the Bureau of Labor Statistics, 10 million jobs were created under Jimmy Carter; only 5.1 million under Ronald Reagan. Sadly, many laid-off auto, steel, farm-equipment and other workers are now laboring for the minimum wage.

Perhaps the centerpiece of the supply-side revolution is its emphasis on capital spending. But Commerce De-

Berkley Bedell is a Democratic Representative from Iowa.

partment data indicate that business investment in new plant and equipment—even not adjusted for inflation—began declining in the fourth quarter of 1981 and declined further until the end of the second quarter of 1983. This six quarter decline is unique in department data, which go back to 1946. The decline continued for six months after the cyclical recovery began in November 1982, but this has not prevented supply-siders from claiming the recovery was led by investment.

Reaganomics has substantially reduced business investment as a percent of gross national product—Mr. Carter substantially raised it. Real—inflation-adjusted—investment increased under Mr. Carter from \$115.4 billion in the first quarter of 1977 to \$142.1 billion in the first quarter of 1981. Under Mr. Reagan, investment dropped to \$123.6 billion in the first quarter of 1983, and only this summer rose to \$142.5 billion—almost exactly the level when he took office. In light of this no-growth, compared with the

3.4 percent annual growth under Mr. Carter, why take supply-siders seriously?

The magnitude of the budget deficit crisis is well-known: If Mr. Reagan is allowed one more budget like his first four, the entire Federal debt accumulated from George Washington through Jimmy Carter will have doubled in five years.

What is less appreciated is what these enormous deficits—Government demand for credit—has done to interest rates. The bottom line—real interest rates—is what you actually pay for credit after inflation. Reaganomics has caused real interest rates to skyrocket to 15 times as high as they were under Mr. Carter. Even if we look only at

the prime rate minus the Consumer Price Index, under Mr. Carter real interest rates averaged 0.6 percent; under Mr. Reagan, they have averaged 9.2 percent—15 times as high. Farm foreclosures, business and bank failures are setting post-World War II records.

Reaganomics has caused the dollar to become far too expensive for us to compete fairly with foreign producers and workers. The dollar has appreciated 70 percent in the last four years, the Federal Reserve Board says. After a two-year lag, this has caused our trade deficit to skyrocket. This year, that deficit is almost four times as bad as Mr. Carter's worst one, creating major structural problems for the American and world economies.

In the past year, America's borrowing abroad, to offset these trade and current account deficits, has roughly equaled the total foreign debt accumulated by Mexico over its entire history. America will become a debtor nation next

year for the first time since 1917, when it emerged as a world power.

These incomprehensible numbers represent the loss to United States producers of enormous markets for goods here and abroad. Since 1981, foreign competitors have taken these markets and millions of jobs away from American producers. And the longer that Reaganomics keeps the dollar so expensive, the more markets and jobs will be lost and the more difficult it will be to regain them.

The single but illusory economic success of Reaganomics has been that inflation rates have come down from the Carter period. However, much of this is due to the flood of cheap imports that has resulted from the overvalued dollar. When the expensive dollar weakens, as it inevitably must, even this "success" will vanish, leaving us with fewer jobs, less investment and indebted to foreign interests.

The utter failure of Reaganomics does not depend on the damage its enormous borrowing will do in the future. Severe damage has already been done. The question facing the voters is whether or not this damage will be compounded by four more years.



... Failure? It's a Rousing Success

By Jack Kemp

Who can forget 1980? Prices rising 12 percent a year—and 18 percent in one quarter. Employment and worker productivity at a standstill. In-

come taxes taking larger bites from most American paychecks. The dollar at new lows, interest rates at new highs, home building collapsing. And most people thought the future would be worse.

Four years later, Reaganomics has altered the economic landscape. Inflation is at its lowest rate in more than a decade with no sign of an upturn. There are millions of new jobs in a growing private sector. (In 10 years, all of Europe hasn't come close to generating the six million jobs our

Jack Kemp is a Republican Representative from New York.

economy produced in just 18 months.) Factories are using capacity that once lay idle, and new business investment is flourishing, adding still more capacity. Real (as against inflation-induced) wages are growing for the first time in years, while productivity is rising. The income tax bite out of every worker's paycheck has been cut by one-fourth and, under the tax-indexing law that takes effect next year, should never again increase because of inflation. Interest rates, though still high, have dropped by more than a third. Building construction is vigorous. The dollar is again the world's strongest currency. And most Americans believe their future is bright.

What about the Federal Government's large deficit? The reversal of this country's economic climate from 1980 to 1984 is enough to disprove the theory that large deficits in themselves cause either inflation or recession. Moreover, the deficit is even now shrinking as a

result of economic recovery, and in any case growth is the absolute precondition for dealing with the problem.

But the test on which the "supply-side" aspects of Reaganomics stands or falls is whether the 25 percent across-the-board income tax cuts reduce the tax burden on the poor. Candidate Reagan made this claim four years ago, and it is the true test of "fairness." The answer is unambiguous: it has reduced the burden on those least able to pay while increasing the aggregate taxes paid by those most able to afford them.

In the first year of the tax cuts, 1982, Federal income revenues collected from those earning up to \$25,000 amounted to 12 percent less in Federal income taxes than the year before. Conversely, the wealthiest, those earning a million dollars or more, paid a total of 41 percent more in 1982 than 1981.

Moreover, upper income taxpayers generally carried a greater share of

the entire Federal tax bill in 1982. The share of all taxes paid by workers earning \$40,000 or more increased nearly 3 percent, and of course the share of those earning less than \$40,000 declined by the same amount. There have been many attempts to explain this away, but the same pattern has emerged every time steeply progressive tax rates have been cut across the board. When that happens, upper-income earners tend to shift resources from leisure, consumption and tax-avoidance to work, savings and taxable investments. Meanwhile, tax incentives encourage people at every level to produce more and move into higher earning categories. Over a period of time, therefore, higher-income groups will carry more of the tax burden, lower-income groups less.

To be sure, the delay in putting supply-side policy into action permitted a final recession before recovery began. But further reforms must follow the path of broad-based, incen-

tive-producing tax reduction and simplification charted in Mr. Reagan's first term. We should drop the top rate from 50 to no more than 25 or 30 percent. We should at least double the present \$1,000 per person exemption. We should protect wages against the double taxation imposed by Social Security taxes and the Federal income tax. And we should certainly remove the 1.4 million persons earning below the official poverty line from the Federal income tax rolls. We must also stabilize the dollar to eliminate the threat to the United States' world trade and keep the recovery going.

Today's Democratic leaders are trying to prove that good news is bad, growth is greed and the world will end promptly on Nov. 7. Reaganomics has helped working people. Our goal is full employment without inflation. And we will not stop until every single American fully shares our new-found prosperity.

IN THE NATION | Tom Wicker

No to Nuclear War

Unsquared attitudes and likely votes

stand is force and we have to prove to them that they can't push us around." But the public tempers suspicion with more common sense than some high Government officials have shown; 70 percent (80 among college graduates) call it a "dangerous oversimplification" to say that the Russians are the cause of all the world's troubles.

By 65 to 29, the public in 1949 thought development of the atomic bomb was a good thing; but in 1982, a 59-to-24 majority had come to think of it as a bad thing.

Who killed SALT II? Americans are incredibly misinformed. Ten percent say the U.S. did not sign the treaty, 17 percent that the Russians did not, 10 percent that both signed, 31 that neither signed; 32 percent confessed they didn't know. In fact, both signed the treaty but the United States has not ratified it.

In summary, one of the authors—Daniel Yankelovich, the poll taker and president of the Public Agenda Foundation—writes that after the rise and fall of détente in the 70's and the Reagan military buildup of the early 80's:

"The American electorate is still wary, still mistrustful, and still convinced that the Soviets will seize every possible advantage they can; yet, at the same time, Americans are determined to stop what they see as a drift toward nuclear confrontation which, in their view, neither we nor the Soviets desire."

That's not a bad state of mind after nearly 40 years of cold war and the constant drumbeat of hostility directed for all that time toward the Soviet Union by American politicians of all varieties. But it gives cause for wonder about a current political question the survey does not address:

Why should an American public that considers nuclear war—in Mr. Yankelovich's words—"unwinnable, horrible, unsurvivable" apparently be preparing to re-elect a President who has brought Soviet-American relations to the lowest level since the Cuban missile crisis, and who has presided over the most expensive American military buildup in history? Are any other considerations more important?

The current policy of the United States Government is to use nuclear weapons against the Soviet Union if, and only if, the Russians attack the U.S. first with nuclear weapons. Right?

If you think so, you're in a large company—that of the 81 percent of Americans who do not know that it's official American policy to use nuclear weapons against an overwhelming Soviet attack in Europe, even if that attack is being waged entirely with conventional weapons. And that's been the policy of all post-World War II Administrations of both parties.

This widespread misinformation is even more striking in the context of the public's "consensus-level" view of nuclear war: By 63 to 13 percent, Americans believe that a limited nuclear war between the superpowers would turn into an all-out nuclear war; and by 89 to 9 percent, they believe that "there can be no winner in an all-out nuclear war."

That means that 81 percent of Americans do not know that official

national policy, in certain admittedly desperate circumstances, would be to start the kind of nuclear war that the public overwhelmingly believes would escalate into the calamity of mutual Soviet-American suicide. That is perhaps the most dramatic finding of a national survey that provides the basic material of a new "briefing book," "Voter Options on Nuclear Arms Policy."

Prepared for the Presidential candidates by the Public Agenda Foundation, a nonpartisan research organization, and the Center for Foreign Policy Development at Brown University, the survey discovered some fascinating, often surprising, American views:

"The American public is 'clear and resolute' in believing, also at a 'consensus level,' that 'picking a fight with the Soviet Union is too dangerous in a nuclear world' (an astonishing 96 to 3); and that if the U.S. 'had a bigger nuclear arsenal than the Soviets, they would simply keep building until they caught up' (92 to 5)."

On some other nuclear arms ques-

Van Gogh's Creative Sojourn

By GRACE GLUECK

Between two such beings as he and I, the one a perfect volcano, the other boiling inwardly too, a sort of struggle was preparing," wrote Paul Gauguin in his 1903 memoir, "Avant et Après," years after his disastrous two-month stay with Vincent van Gogh at Arles.

"In the first place, everywhere and in everything I found a disorder that shocked me. His color-box could hardly contain all those tubes, crowded together and never closed. In spite of all this disorder, this mess, something shone out of his canvases and out of his talk, too."

It was at Arles, the small city in the south of France where he stayed from early in 1888 to the spring of 1889, that van Gogh had his first real bout with madness. After a quarrel with Gauguin, he cut off part of his own ear. Yet Arles was also the scene of an astonishing burst of creativity, in which over the short span of 15 months he produced some 200 paintings and more than 100 drawings and watercolors, a record that perhaps only Picasso has matched in the modern era.

Orchards and wheatfields under the glowing sun, neighbors and townspeople, interiors of the Yellow House where he lived, were all subjects for his frenetic brush. The Arles canvases, lightstruck and alive with color — vermilion, emerald green, Prussian blue and a particularly brilliant yellow — have an intensity of feeling that mark the high point of his career, and deeply affected the work of artists to follow, notably the Fauves and the German Expressionists.

Strangely, though it's almost a century since his death, no book or exhibition has been devoted to this climactic phase of van Gogh's short life (1853-90). But the breach is now filled, with the Metropolitan Museum's exhibition, "Van Gogh at Arles," opening to the public on Oct. 18. A preview look reveals a stirring presentation of the artist and his feverish activity during his stay in the provincial city, including his crucial relationship with Gauguin.

For the show, which will not travel, the Met has gathered 146 works — paintings, drawings, even letters — from public and private collections in the United States and Europe, among them the two main van Gogh repositories in Holland, the Rijksmuseum Vincent van Gogh in Amsterdam and the Rijksmuseum Kröller-Müller in Otterlo. Many related drawings, studies and paintings are reunited here, and for the first time since 1891, a previously uncatalogued drawing, "Olive Trees: Montmajour," lost for many years, is exhibited among van Gogh's own works. Unfortunately, there are some notable omissions: the sunflower paintings that were a kind of van Gogh trademark, unavailable because of loan and travel restrictions by their owners, and eight major works from Soviet collections, withheld according to the Soviets, "in the absence of a cultural agreement."

between the United States and the Soviet Union. Still, there's a lot to take in at this big display, assembled by a guest curator, Ronald Pickvance, a scholar of Impressionism and Post-Impressionism, who stepped in when the show's initiator, Charles Moffett, former curator in the Met's department of European paintings, left for another position. Organized according to a new chronology worked out by Pickvance from a redating of van Gogh's letters, the show begins with the artist's last months in Paris before departing for Arles. Then it follows his seasons there, interspersing Vincent's bold, forceful drawings — what a surprise these drawings are, seen in such strength — with his paintings of spring orchards, summer seascapes and harvests, and autumn gardens. The last section deals principally with portraits. The first Arles canvas, however, depicts a snowy landscape, disappointingly encountered by van Gogh on his arrival instead of the radiant southern atmosphere he had anticipated.

Van Gogh went to Arles after two years in Paris, where his beloved younger brother, Theo, who supported him psychologically and financially for most of his adult life, was an art dealer. In Paris, Vincent had met Gauguin, and other important artists — Lautrec, Degas, Pissarro, Seurat and Signac. Like the last three, he worked in the Neo-Impressionist or Pointillist style — applying color in tiny dots or strokes that "mixed" in the viewer's eye to create effects of considerable intensity. But he wanted a stronger light and "gayer" colors than Paris provided, the kind of atmosphere evoked by the Japanese prints he so admired. Then, too, the French capital had exhausted him, mentally and physically ("I was certainly going the right way for a stroke when I left Paris," he wrote later to Theo). He felt that in Arles, not exactly a bustling arts center, he might find serenity, the right light, and even establish an artistic tradition. And so he took himself there in February, 1888.

It was his hope of founding a new artists' colony in the south that made him eager to have Gauguin — then already ensconced at the artists' colony of Pont-Aven in Brittany — join him in Arles. Much admired by Vincent and Theo, Gauguin had begun to paint at Pont-Aven — influenced by a younger artist, Emile Bernard — in a decorative style of simplified, well-defined forms, unshadowed lighting and flat colors that he called Synthetism, close to the Japanese aesthetic esteemed by van Gogh.

The plan, on Vincent's part, was for Gauguin to stay in Arles for maybe a year, working and sharing with him the small living quarters and studio he had found for himself and dubbed the Yellow House. He thought of the house, Pickvance notes in the catalogue, as a permanent base for artists, and also "a stopping place en route to the tropics, where he felt the future of painting lay." (Gauguin, who was later to remove himself to Tahiti, had already attempted a voy-

age to Martinique, abandoned because he fell ill.) Van Gogh also hoped to lure other Pont-Aven artists, such as Emile Bernard and Charles Laval. After much persuasion, and the sale by Theo of some of his pottery that allowed payment of his Pont-Aven debts and rail fare to Arles, Gauguin arrived there on Oct. 23, 1888.

Van Gogh, who could hardly afford the cost of colors, had touchingly prepared for Gauguin's stay, stocking up on paints and canvases and executing a series of garden and sunflower pictures especially intended as decorations for his room (two of these verdant canvases are in the show, "Public Garden With Weeping Tree: Poet's Garden I," and "Public Garden With Blue Fir Tree: Poet's Garden II"). "He is very interesting as a man," he wrote to Theo, "and I have every confidence that we shall do loads of things with him. He will probably produce a great deal here, and I hope perhaps I shall, too."

At first the two men got along well, dividing expenses and household chores — Gauguin did the cooking, van Gogh the shopping — exploring the countryside together, sharing landscape motifs and models. But they seemed not to agree at all on judgments of other artists.

"Our arguments are terribly electric," wrote Vincent to Theo at the time. "We come out of them sometimes with our heads as exhausted as an electric battery after it is discharged." And Gauguin wrote later, "In spite of all my efforts to disentangle from this disordered brain a reasoned logic in his critical opinions, I could not explain to myself the utter contradiction between his painting

and his opinions. Thus, for example, he had an unlimited admiration for Meissonier and a profound hatred for Ingres. Degas was his despair and Cézanne nothing but a faker. When he thought of Monticelli [Adolphe Monticelli, 1824-1886, a French romantic painter much admired as a colorist by van Gogh] he wept."

Still, Gauguin had an influence on van Gogh, although after the first couple of weeks each went his own way with regard to themes. Gauguin began pushing the younger artist to paint from memory rather than actuality, and Vincent did a remembered family garden (not in the show), a swirling canvas built of turbulent brushstrokes, noting to Theo that "Gauguin gives me the courage to imagine things, and certainly things from the imagination take on a more mysterious character." In the show is a Gauguin painting somewhat similar in concept, a simplified, stylized canvas of an autumn garden in sharp color contrasts, probably based on the "Poet's Garden" series that van Gogh had placed in his room.

In any case, in his later recollections, Gauguin takes a good deal of credit for helping van Gogh. "Vincent, at the time when I arrived in Arles, was in the full current of the

Neo-Impressionist school, and was floundering about a good deal and suffering as a result of it because it did not correspond to his nature, which was so far from patient and so independent," he wrote. "With all these yellows on violets, all this work in complementary colors, a disordered work on his part, he accomplished nothing but the mildest of incomplete and monotonous harmonies. The sound of the trumpet was missing in them. I undertook the task of enlightening him — an easy matter, for I found a rich and fertile soil."

Three other paintings by Gauguin in this show deal with women working — two of washerwomen at the banks of a canal, a third of grape gatherers. The color is softer, the forms more subtly evoked than in van Gogh's work, but the composition is vigorous and in one case, even audacious. For another painting, he shared with van Gogh a model, Madame Ginoux, a café proprietor. She is the subject of two wonderful canvases by van Gogh, each titled "L'Arlesienne," one of which he dashed off in less than an hour. The two are shown here, and the stronger one — owned by the Metropolitan — is a highlight of the show, with its quirky, sharply defined figure of the woman in Arlesian costume seated at a round green table against a ground of magnificent yellow. But only Gauguin's drawing of Madame Ginoux is seen here; "The Night Cafe," the painting he made at Arles in which she is the central figure, was not lent by the Pushkin Museum in Moscow.

By December, whether because of Gauguin's attempts to change van Gogh's style, or what, the two men had apparently begun to get on each other's nerves. On Dec. 14, Gauguin finished a portrait of van Gogh painting a still life, as he later remembered, to which van Gogh responded, "It's certainly I, but it's I gone mad." That night in the café, van Gogh threw a glass of absinthe at him, apologizing later. Next day, Gauguin wrote to Theo that he felt he had to return to Paris, citing his and Vincent's "temperamental incompatibility." A letter from Vincent to Theo followed, noting that he felt Gauguin was "a little out of sorts with the good town of Arles, the little yellow house where we work, and especially with me."

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Van Gogh's portrait of "L'Arlesienne: Madame Ginoux" at the Metropolitan Museum.

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Arts & Leisure

Nevertheless, on Dec. 23, by Gauguin's later account, van Gogh came after him with a razor as he was walking alone in the garden near their house. His stern stare drove van Gogh away, but Gauguin spent the night in a hotel. On his return to the Yellow House next morning, he found crowds and the police in front of it. Van Gogh had cut off the lower part of his ear, taken it to a prostitute at a nearby brothel, and returned in a trail of blood to his bed.

"Was I negligent on this occasion?" Gauguin writes. "Should I have disarmed him and tried to calm him? I have often questioned my conscience about this, but I have never found anything to reproach myself with. Let him who will fling the stone at me."

Gauguin summoned Theo and then returned to Paris with him shortly thereafter. He never saw van Gogh again, although they later had friendly correspondence.

Recovering after hospitalization, van Gogh returned to the Yellow House and painted, among other canvases, two versions of his famous self-portrait with a bandaged ear (one, called "Self-Portrait With Bandaged Ear and Pipe," is in the show), and finished one he had begun before his illness, the marvelous "La Berceuse," a study of a squat, homely Arles housewife seated before a wildly decorative floral background, notable for its distorted shapes and bold placement of reds on greens. (It is interesting to compare this with Gauguin's portrait of her, done at about the same time that Van Gogh began his, using a simpler color scheme and less exaggerated forms.)

But he soon broke down again, and finally confined himself, at first to the nearby asylum at Saint-Remy, and then to the care of Dr. Paul-Ferdinand Gachet, in the town of Auvers-sur-Oise. He died on July 29, 1890, two days after shooting himself in the chest.

Gauguin received a letter from Vincent shortly before his suicide: "Dear Master [the only time he ever used this word], after having known you and caused you pain, it is better to die in a good state of mind than a degraded one." He died, writes Gauguin, "having complete possession of his mind, full of the love of his art and without hatred for others." That the creative part of him triumphed is supremely evident in this beautiful show.

Fodor Has Second Thoughts About His Musical the Past

By ALLAN KOZINN

If there's one thing the violinist Eugene Fodor wants more than anything in the world, it's for the musical public to forget about his past. Not his entire past — until a decade ago, when he won the silver medal at the Tchaikovsky Competition, in Moscow, he had been living a charmed life. He was 24 then, and he had been performing publicly since he was 9, touring from age 12, and playing with major orchestras since he was 18. There were lessons with Ivan Galamian and Josef Gingold, a scholarship to Juilliard, and master classes with Jascha Heifetz. And by the time he entered the Tchaikovsky, he had already won 10 smaller-scale violin competitions and had even taken the top prize at a local piano contest. Yet, within a year of his victory in Moscow, Mr. Fodor's luck began running out, and his career became a classic example of unfulfilled promise.

Mainly, he had an image problem, and everything he did made it worse. His publicists, anxious to capitalize on his western roots, cast him as a horse-riding outdoorsman bound for glory in the classical music world. The personality magazines loved it; the music press found it cloying hype. Mr. Fodor's early interviews didn't help much, either. When he wasn't talking about jogging or horses, he spoke brashly of his own prowess and of his disregard for critics. Meanwhile, some of his recordings, many of his concerts and virtually all of his television appearances focused on the flashy, superficially virtuosic end of his repertory, and confirmed the impressions of those who considered him little more than a shallow competition whiz kid.

"But none of that was what I was really about," insists Mr. Fodor, who hopes that his Carnegie Hall recital, Friday evening, will help lay some of those old ghosts to rest. For the violinist, now older, wiser and a lot more reflective, this concert is a chance to show that he's neither flippant, frivolous, flashy or overly theatrical. And in aid of his quest to restore his reputation, he has chosen a program much meatier than those his detractors remember him for — sonatas by Mozart, Brahms, Prokofiev and John Corigliano, with a bit of Tchaikovsky

and Wieniawski at the end, for old times' sake. His aim, actually, is not so much to unveil a new Eugene Fodor, but to let the public see the violinist that's been lurking behind the cowboy image all these years. Even so, he has been devoting a good deal of time, lately, to looking anew at his life as a touring virtuoso, and to reordering his priorities.

"Until last season, I was playing 90 to 100 concerts a year. But I've cut

'I've felt the need to sit back and reevaluate my life and music.'

that to between 50 and 70, and taken a kind of sabbatical, because I've felt the need to sit back and reevaluate my life and music," he told a visitor recently. "I wanted to be sure that the existence I was living was what I really wanted. Not that I had any doubts about being a musician — music is the focus of my life, the most important thing in it. But I needed to think about what I am, what I do best, and which areas I need to work the hardest in. And all that self-analysis helped me pull everything together."

"I realized, first of all, that I needed more time to learn new music, particularly contemporary pieces. I knew that I would have to work harder at building my interpretations, and at grasping the true meaning and essence of each piece I play. And I wanted to try and structure my repertory and programs in a way that allows me to feel I'm doing justice to the music I love. That comes with a certain maturity, I guess. And running around the world playing 100 concerts a year is not really the way to understand your growth or expand your repertory."

Mr. Fodor has also, naturally, thought long and hard about the reasons his career took the course it did. And although he's reluctant to blame anyone else for his problems, he maintains that he has always been

thoroughly serious about his art. "Having all that instant recognition, and all those invitations to play with the world's great orchestras can make you feel very busy and very much in demand," he admitted. "Not that I took any of it for granted, but maybe I was a bit brash. And the publicity did focus on non-musical things. There was the catchiness, or the good copy, of being from Turkey Creek, Colo., and living on a ranch where I had grown up around horses."

"But just because I was photographed on horseback didn't mean I wasn't practicing five hours a day. All the time, I was getting up at 7 in the morning and playing Bartok, but the interviews and publicity didn't reflect that. I wanted to be judged on the merits of my playing, not on what I do with my personal life. I have to admit, I didn't do all that much to curb that. I didn't push it, but I didn't fight it, either."

"And I don't think you can blame me for walking the line between a public image and the priorities of the music establishment. Some artists can balance the two very easily, and I always thought that whatever the image was, my playing would speak for itself. It does, to a certain extent. But there are people who don't always get to hear you play, and who know you through what they read. Now it's apparent that there are aspects of my image that the musical establishment can't take seriously, although I've always been able to please the public, and that's very important to me."

"In fact," he added, "there was a degree to which my interest in sports and in the outdoors brought me a lot of attention from a segment of the public that doesn't normally attend classical music concerts. I had them arriving in throngs. So my thought, at the time, was 'Boy, let's keep this ball rolling.' I thought that by keeping that alive, I was doing my duty as a kind of ambassador of the arts. I suppose that's something I would have done differently. I wouldn't have viewed it as a cause of mine to popularize classical music."

Another of Mr. Fodor's belated realizations is that he should have maintained firmer control of his repertory. But there, too, early successes proved too seductive to resist.

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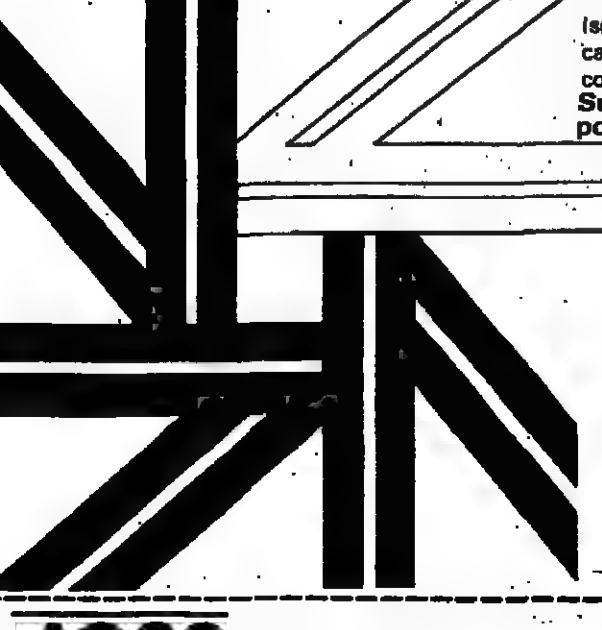
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Toth: Taking off from the visit by Soviet Foreign Minister Andrei A. Gromyko to Washington on September 28 to meet President Reagan? I wonder if you could tell us how well that visit went and what new direction, if any, Soviet policy is taking toward the U.S.?

Kissinger: I don't think in the 30 years or more that Gromyko has negotiated with the Americans you could ever say there was one initial meeting in which there was a substantive breakthrough. That is not Gromyko's style. That is not the Soviets' style.

The significance of the Gromyko visit is most importantly that it took place. The Soviets would not have initiated a contact with President Reagan at this time if they had not made a prior decision that they would have to enter a negotiating phase.

That phase is certain to be prolonged and grudging, as most Soviet negotiations are, but within those limits it achieved substantially what could be achieved, which was limited. It was the first part of the overture in what might be a three-act opera.

Much of the discussion that I have read turns on the question of whether the Soviets are distrustful of President Reagan, and did this visit dispel the distrust. I would argue that at least as big a danger, if not a bigger danger, is that the Soviets may get the idea that we are so eager for negotiation that they can get for nothing what they are to be negotiating about.

The question of trust or distrust of personalities is of marginal importance. What is of importance is the substance to which one addresses oneself.

Toth: Their desire to negotiate has to have some point. You've characterized it as a peace offensive. Can you explain what it might entail in terms of arms control and regional cooperation? Where would it be going?

Kissinger: I am not sure that the Soviets themselves know where it might be going at this moment. They've gone through several phases with President Reagan. When he first came in, they dealt with him the way they generally deal with potential opponents: They hinted at the possible negotiations. That did not happen for a variety of reasons right away because the administration felt it had to reverse the conceptions that had been created in Soviet-American relations.

By the time the negotiations started on INF and Start, there were two obstacles. One was the divisions in our bureaucracy. Second was the immobility of Leonid Brezhnev's death, so that there was nobody really in the Soviet Union to make a fundamental decision, and one would have to assume that the bureaucratic conflicts in the Soviet Union are even more intense than in the United States because of the ignorance of each part of the government of the activities of the other is greater in the Soviet Union than in the U.S.

Then came the intervention of Yuri Andropov, and then another leadership change with Konstantin Chernenko. So there has never been a situation in the Soviet Union where anybody was in charge enough to conduct a coherent policy of give and take in a negotiation. I also think that the Soviets had not only a succession problem but a change of emphasis within the system. First from Brezhnev to Andropov within one party, elements of the power structure gaining somewhat an influence, and then they had to turn somewhat more to party predominance when Chernenko came in without giving Chernenko anything like the control that Brezhnev and his predecessors had had.

While we are in this position, Gromyko is clearly the dominant figure in the conduct of Soviet foreign policy. But Gromyko has survived this long and become so dominant because he has been a great technician. Others always took the responsibility for the major direction, and he was the implementer.

Certainly in my experience with Gromyko or the Soviets, Brezhnev always took responsibility for the breakthroughs, and Gromyko was always the one who seemed more cautious and more aware of problems. Even if you allow the fact that one was the good cop and the other was the bad cop, it seemed to me to reflect their personalities.

Now this man who has spent his adult life being the implementer is himself responsible for the direction, and it is conceivable to me that he has decided that there have to be negotiations but that in carrying out the negotiations he applies all the cautious hesitations that have marked him in the past, all the more so as he may also simultaneously have to position himself in the continuing leadership struggle in the Kremlin.

It's for all these reasons that I do not think the Soviets have as yet made a decision as to where they are going to go. Indeed, what I think they are going to do in the next three to six months is to take us over a number of hurdles on the face of the statement that they want deals from us and not words. It could be considered as *hutzpa*, a lot of gall. We have made our mistakes, but they were the ones that walked out of the negotiations, that shot down the airplane, that acted intransigently in Poland and in Afghanistan.

What they are trying to do is get a unilateral proposition as an entrance into negotiations. Then we will probably have to haggle over the agenda. And I think until we get through these phases, we will not know what they're really after. What we should do is use this time to clarify our own position.

The keys to the Kremlin

Former U.S. secretary of state Henry Kissinger continues his series of commentaries on international affairs, this time in an interview with Robert C. Toth and Doyle McManus.



Toth: Well, if they don't know - accepting what you say, they don't know precisely where they're going - why have they decided to move now?

Kissinger: Because I think they realize they're in a stalemate for a variety of reasons. If they counted on the European peace movement to stop our deployment and calculation of deployment or intermediate-range missiles, that calculation did not turn out to be correct. They clearly made a major decision last year to stone wall the United States, which was presaged by a statement attributed to Andropov attacking those who believe one can make arrangements with the United States. And this was preceded a year earlier by the tough speech of Brezhnev's just about a month before he died in which he also said a similar thing.

One would have thought that the implementation of that policy would lead to a differential treatment of the United States and Western Europe and that they would try to split Western Europe from the United States. In fact, for reasons not so easy to explain, they brought pressure both on Western Europe and the United States simultaneously, and therefore they have not split Western Europe from the United States.

They are not making progress in their relations with China. They have a huge economic problem of a structural kind. They will be preoccupied with succession issues, not just of Chernenko but towards - to all the aged members of the politburo over the next few years. So logically, they should want a respite. At the same time, I think it is very possible that they don't know how to get a respite.

I would add among the factors that lead to negotiation the fact that they could not be oblivious to the repeated statements of President Reagan that he wanted to open negotiations even if they did not want to help him in his reelection, even if they are highly suspicious, it would be only prudent for them to try to find out what there might be to them. So I think these are the main factors that brought them to a negotiation.

Toth: But it says something about the politburo as it exists, however old and however inactive Chernenko may be at the time, that they can make a decision to embark on a new direction in their policy to the United States despite other problems, doesn't it?

Kissinger: Absolutely.

Toth: Well, go from there then to the decision to rather brutally dismiss Gen. Yuri Ogarkov. How do you think that plays into the situation, if at all? There has been speculation that he was sort of a scapegoat, an offering to the United States in advance of the Gromyko visit. Do you have any views on that?

Kissinger: I do not think Ogarkov was fired as an offering to us. I think there is the relationship that the Ogarkov firing shows enough of the instability of the top leadership group that they want a respite from constant tension if they can purchase it at what they consider a tolerable price.

What it tells me about us is that it is very important that when we get into negotiations that we confront them with very complete propositions and not with generalities, so that they have specific decisions to make and not attitudinal decisions. I think they have decided to negotiate, but they have not yet decided what to negotiate about and in what framework?

Toth: Is this the way you approached negotiations when you were conducting them with the Soviets? Or is it different?

Kissinger: Of course, when I was conducting negotiations with the Soviets, there was a clearer leadership structure, although even then it was not as clear as it looks in retrospect. When I first encountered the Soviets, Brezhnev, Alexei Kosygin and Nikolai Podgorniy pretended to be of equal standing, even though it was evident from their conduct that Brezhnev was the strongest.

When President Nixon invited Brezhnev to come to the United States, the Soviets told us that it would be inappropriate to invite Brezhnev, that we had to invite all three of them, and then they told us privately only Brezhnev would accept. But as late as 1972, they went through the appearance of a collective leadership, and in the first two years of President Nixon our communications were with Kosygin, not with Brezhnev, when they were at the highest level. So even then the leadership was not as monolithic as it appeared.

Forgetting now how I conducted the negotiations, there are two problems in dealing with the Soviets, at

least on issues as technically complicated as arms control.

One is to make a proposal that improves the situation, that objectively improves the situation. That is technically very complicated. Secondly, to have the process contribute to a political rapprochement within the limits of what ideology and conflicting interests permit.

It seemed to me then that this presents a very real problem, especially in the arms field. The issues are technically extremely complex. Positions emerge within our government from a very complicated process of bargaining between various elements in which the adjudicating role of the president is more complicated than in most other issues because he usually has not studied the subject for anything like the length of time his experts have. A position then emerges, it is handed over in Geneva or wherever the negotiations take place, then it goes up through the Soviet hierarchy.

You have to assume that there are at least some major elements in the Soviet hierarchy determined to show their allegiance to their leadership, and in general in a bureaucracy you never get into trouble for predicting a disaster that doesn't happen or for missing an opportunity because no one can prove the opportunity existed. So by the time it reaches the politburo, they have to adjudicate their own bureaucracy's interpretation of our bureaucracy's compromise. So it is not a process that tends to lead to any understanding on either the technical or the political level.

What we tried to do is to give the Soviets advance warning of our thinking and to try to do it through a channel that did not go through their whole bureaucracy so that we could speak more plainly in that channel. We did not give our position in advance, not in detail, but what we did try to do is to explain the thinking behind the position that was likely to emerge so that it would not hit the politburo cold, and we got it directly into the presidential channel to Brezhnev or whoever else was involved on the Soviet side.

I think it is the lack of such a channel at this moment that is an important obstacle, or contributing obstacle, to progress, and I think it is really more important at this moment to get a conceptual breakthrough than to come up with some technical solution to the problem.

Toth: What would be a conceptual breakthrough?

Kissinger: I think we have reached a dead end in arms control theory. Most of the negotiations that went on in the '60s and '70s drew on the intellectual capital of the arms control theory that was developed in the late '50s. At that time, one dealt with single-warhead missiles, with fixed installations, and the concept of stability was identified with the inability of either side to calculate a decisive advantage in a first strike.

I think we are coming to the end of that period for two reasons. One, technology due to mobility and large numbers of warheads is in any case tending to produce the kind of stability that people were talking about in the 1950s. When you have 20,000-plus warheads on each side, a calculated decision to go to war is not likely. On the other hand, the reliance on mass extermination as the principal element of security brings about in the democracies a demoralization of society to a point where pacifism and unilateral disarmament become either the conscious or the subconscious motivation of so many people that it is very difficult to hold a position in the technical negotiation.

If one looks at the schools of thought that now exist, I must say they are both nearly irrelevant to the problem of reducing either the danger of war or its impact if it occurs. The two schools are freeze and reduction.

The freeze perpetuates the very situation that generates the uncertainty. In addition, it sounds much simpler than it would be in practice. After all, Salt I was a freeze of ICBMs, and it took us three and a half years to negotiate it, and even then we are still debating the difference between modernization of existing weapons, which is permitted, and new weapons, which are supposed to be proscribed.

On the other hand, the various reduction schemes that exist, in my view, either do not change the situation or make it marginally more dangerous. All that President Kennedy in 1962 thought that we were at the verge of Armageddon. At that time the Soviets had less than 100 warheads that could reach the United States, and we had some 3,000. I know no scheme that exists, even in the theoretical literature, that would reduce warheads to 3,000. So there's

a paucity of theory. If we're going to reduce - I think that would be highly desirable - it has to be to numbers that are really so low as to remove the holocaust aspect of modern deterrent theory.

So I think it would be extremely helpful if right after the election, some crash programme were started on a bipartisan basis on which direction we should go. We can then still work out the technical parameters. Secondly, I think we have to find some form of dialogue to discuss the political tensions that exist in the world. Right now, everybody's cop-out almost is arms control, and arms control is being asked to do too much. I was part of the study groups in the '50s. I've been involved in many of the arms control negotiations, and I don't back off anything I've been associated with and I support it today. But I do not think that by itself arms control can solve or ameliorate the problem of East-West relations.

I would like to get some consensus at least within the government of what exactly it is we are trying to accomplish that can be conveyed to the Soviets as a concept before you embody it in a numbers proposal. It is conceivable to me that at some point we could get an agreement on a concept and the Soviet numbers would look different from ours.

But if you don't know what concept they're operating from and they don't know what concept we're operating from and you're each throwing numbers around, it would be accidental if something emerged and make a real contribution to security.

Toth: How long would it take you - on the other aspect of your suggestion, how long would it take you to set up a back channel that was effective?

Kissinger: Oh, the back channel I think could be set up immediately, very quickly.

Toth: I see. You don't see any ideological or personality problems with Soviet-American leaders on that score?

Kissinger: I think you would have bureaucratic problems within our government of wounded egos and insistence on prerogatives, and for all I know they have the same problem on their side. But I think each government should settle that for itself. I don't think we should designate anybody on the Soviet side as our chosen instrument, or as one sometimes reads, pick another way to bypass Gromyko. There's no way to bypass Gromyko, that's their problem, not our problem.

I would think that what we should get across to the Soviets is that there must be some means of communication in which our top leadership - the president, the secretary of state - can explain their thinking in a confidential manner so that when they have to make a complete decision about something, it can take clarity - they at least have the benefits of those views.

I think this is particularly important in crisis management. During the 1973 war, the Middle East war, when we were arming the Israelis and they were arming the Syrians, there was practically not a day that went by where we didn't communicate with the Soviets three or four times to give them some idea of what we were up to or to complain to them about what they were doing. Even that did not at the very end prevent a blowup. But I do think it made it more manageable. If we had suddenly gone on alert in that period of months of noncommunication, it could have been a much more dangerous business.

McManus: You've said a couple of times over the last few days that you've seen the Reagan administration move toward something one would not wish to characterize as detente but rather an acceptance...

Kissinger: Oh, I see no substantial difference between what the administration is now saying and what we used to characterize as detente. In fact, I would feel that there's a danger that they put too much emphasis on personal reassurance and not enough emphasis on substantive negotiation.

McManus: The question that was being asked last week was how permanent is this shifting in emphasis on the administration's part and how strong is the consensus within those different bureaucratic poles in Washington?

Kissinger: I believe that the president's commitment is permanent, and so is the secretary of state's. Those are the two people I know best. Undoubtedly there are elements in the bureaucracy who have consistently doubted the utility of any negotiation, and especially of arms control negotiation. This in

itself is not bad. It produces a healthy debate within the government. But at some point there must be a focus for decision, and the decision must be more than just one position that is then tabled. But it must permit a fluid negotiation. This will require some organizational changes after the election.

McManus: Do you believe the president has undergone a kind of conversion over the last few years, or did we simply pay too much attention to some of his rhetoric?

Kissinger: I think that any president will sooner or later be driven by the nature of these contemporary weapons into a desire to reduce the danger of war, and I think a second-term president especially really is running for history and not for any other office. So I believe that President Reagan has probably modified his probably learned a dimension as president that as a campaigner he did not have to address. I believe he is absolutely sincere.

I repeat: The bigger danger I see is not the lack of his sincerity but the danger that some people may believe one can achieve results simply by an abstract psychological exercise of reassuring the Soviets and convincing the public that we are sincere. That is not enough. It has to be translated into a complete programme, not in the sense of Gromyko - who says deeds, by which he means agreement to Soviet positions, and not words - but in the sense of developing an idea of where everyone is to be three or four years from now. And if we do this, I think we can make a huge progress in East-West relations in the next two or three years.

Toth: Do you think that it will take at least until after the election before we see some tangible movement?

Kissinger: I would be surprised, and I'm not very eager for it to be very visible before the election because if you had a dramatic meeting, say between Gromyko and Shultz or

between a presidential emissary and somebody in the Soviet Union, immediately the media would set up criteria of what it promised. They would repeat the experience of last week and what was achieved, and I think the necessity is now to keep it non-dramatic, to work at it seriously. Last week it was important as a watershed. I would prefer that nothing much happen now until the election.

For as far ahead as we can see, we will be rivals and competitors with the Soviet Union and yet have to work on certain cooperative matters. Most of the American diplomatic and foreign policy experience is to treat countries as either friend or enemy and to think of problems as having a terminal day.

For example, the critics of agreements with the Soviet Union always point out that the Soviets got some advantages in the agreement. I start from that premise. They will not sign an agreement that does not give them some advantages. The question for us is whether our advantages balance the Soviet advantages, and without a balance of advantage, there'll never be an agreement that will either be made or, if it is made by some error, will be maintained.

All of this in the nature of our domestic debate creates great difficulties because on the one side you have some people who are saying that almost any agreement is desired and who deal with East-West relations almost as a psychological problem. On the other side, you have people who really think any agreement is a derogation of our moral position and weakens us in the ultimate struggle, and not to fall into the excesses of either side, the psychological approach tempts the Soviets into making peace offenses really as a form of unilateral disarmament.

So the challenge before the administration will be to get a steady course that does not pretend that the Soviets have suddenly become friends, but on the other hand is prepared to make agreements that are to our mutual benefit.

Toth: How do you read the Honecker incident, the back and forth, would he come, would he not come, why did he not eventually come?

Kissinger: I believe that one of the factors that drove Gromyko, or that induced or convinced Gromyko to talk in Washington, was his fear that if he didn't talk, some of their client states might talk to the Europeans. I read the Honecker incident as if the Soviets were absolutely sure of the East Germans, they should have let Honecker go to the Federal Republic and propagate their line, which at least put an appeal to the peace movement or would have married the peace movement to some German nationalist impulses, coming from the East.

They obviously were not sure enough of the impulses that might develop on both sides, and I think that the fact that they felt obliged to stop the visit as a sign of their

difficulties in holding their client states together and particularly of their beginning fear of German nationalism.

It must be an eerie feeling in Moscow to see a Communist party that had a monopoly of education, information, and police powers totally collapse in a country like Poland and to have the only spontaneous revolutions in an industrialized country in the 20th century or at any rate - I don't want to be that precise, but certainly the post-war period - to happen in Communist countries; and they must recognize that the fundamental tendencies that occurred in Czechoslovakia, Hungary and Poland also existed in the Democratic Republic of Germany.

I think there's a good chance that the Honecker visit will be scheduled again. How often do the Soviets want to pay the price of stopping it?

Toth: But now that Gromyko has come here, under that umbrella, it might be easier for Honecker to go there.

Kissinger: Yes, and therefore, I think it will happen again.

McManus: In your picture of the Soviet Union beset by uncertainty in Eastern Europe in a kind of a long-range succession struggle, doesn't that imply that what they are looking for a respite, they may be very receptive to a conceptual breakthrough?

Kissinger: The first thing they will try to do is to get it for nothing. And I think there have been two summits that were a near disaster. The first was the Eisenhower summit with Khrushchev in 1955, and the second was the Kennedy summit with Khrushchev in 1962.

In 1955 the summit was a disaster because the Soviet leaders at that time shortly after the death of Stalin must have been reflecting upon what they needed to do to get a respite. They found they didn't have to do anything except to meet with western leaders and have the impression created that great progress toward peace had been made. The result of that was that within a year they recognized East Germany, which they had never done as an independent state, within a year and half they sold arms to the Middle East, which was guaranteed to start a crisis. Within three years there was the Berlin crisis.

The '62 summit was of a different kind. That convinced the Soviets Kennedy was not on top of his job and therefore was an opponent not to be taken seriously. I don't think that's our problem now, but our problem now is analogous to 1955. We must translate the general desire for a respite into some specific programmes. I would urge us to be generous and far-sighted in these programmes, but I would also urge that we not let this thing dissolve in some amorphous protestations of goodwill. And therefore, yes, they will eventually be receptive to a conceptual approach, but it will be tough going. Copyright (C) 1984 L.A. Times Syndicate.

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SURPRISES AGAIN

Take 2
NECA 7
SOAPS
and pay
for one

Take 2
KLEEN
SHAMPOO
Washing Powder 500g
and pay
for one

Take 2
TURKISH
COFFEE 100g.
Baskovitz Red
and pay
for one

Take 2
ELIAZ
WINES 75cl.
Valentina Sparkling Wine
Grenache Rose
Shabbat Shalom
Cabernet Sauvignon
and pay
for one

Take 2
AVOCADO
DISHWASHING
LIQUIDS
and pay
for one

Take 2
PRIGAT
Juice Concentrate
and pay
for one

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SUPER-SOL

New minister orders 2-year halt in drilling All aspects of oil search to be re-examined by experts

By AARON SITTNER
Jerusalem Post Reporter

Government-backed oil and gas exploration should be halted for at least two years, during which time professional petroleum consultants would re-examine existing drilling projects and introduce more systematic approaches to the geological searches and their locations.

This is one of the recommendations in a report handed yesterday to new Energy Minister Moshe Shahal by his recently-appointed adviser on oil exploration, Alfredo Rosenzweig. Shahal announced that he is adopting the report in its entirety and is asking his department heads to draw up an operational plan to carry out all the recommendations.

The report describes the government's present oil exploration programme as "of very limited success," despite the \$250 million invested by it and private investors in oil searches here during the past nine years.

Though the money has gone into

131 test drillings, and \$62m. out of the total invested have been spent on geophysical and seismic tests, "the only success has been a small gas field uncovered in northern Sinai and a number of marginally significant oil and gas traces elsewhere," the report states.

It also calls for consolidating Hanna and Hannal, the two state-owned oil companies. At present they are operating separately - one in the field of active drilling and the other in finance and investments.

The main task of the consolidated corporation would be to initiate and encourage investments from private sources for oil and gas searches, and to oversee the state's investments in oil exploration ventures undertaken by private companies.

Another function of the corporation would be to furnish auxiliary services for government-backed oil exploration projects, and to sell such services to private exploration firms, not only here but also abroad.

Some car orders cancelled after rise in import deposit

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. - There has been a drop of about 40 per cent in new car sales this year, according to Arie Carasso, the president of the Automobile Importers Association, whose firm handles Renault.

He was not willing to predict whether there would be a further drop due to the rise last week of the compulsory deposit on automobile imports from 15 to 40 per cent of the value of the car.

He said that his firm had no cancellations so far, but The Jerusalem Post has learned from other importers that there had been some cancellations.

Since about 80 per cent of all car sales are of lower-priced models costing up to \$12,000, the rise in the deposit raises prices by up to \$3,000.

Some importers, including the Mediterranean Car Agency, the importers of Fiat, have been offering customers an interest-free dollar-linked loan to cover the deposit. This loan has to be paid in four monthly instalments.

The importers yesterday told Transport Minister Haim Corfu that many of them have standing orders with the manufacturers abroad and that unless they get relief, they may have to cancel these orders till the end of the general freeze on imports.

Carasso explained to the minister that there is no need for a freeze on the import of automobiles, since the

25 per cent increase in the compulsory deposit will bring about a drop in sales anyway.

According to Carasso's rough estimate there will be a drop of about 40 per cent in new car sales during 1984. In 1983 about 80,000 cars were imported. He thinks that till the end of December only 50,000 to 55,000 new cars will have been sold. He thinks that 15,000 to 20,000 new cars are on order and have been paid for or are covered by letters of credit. These cars are expected to arrive here during the next three months.

Carasso said that apart from the higher deposit, car prices remain unchanged.

One importer, Japanauto, the importer of Subaru, even continues his special sale, with ten per cent lower base prices on all 1985 models.

If there is a drop in sales, it is possible that other importers will follow Japanauto's example and lower their basic prices too.

RENAULT. - All plants of the French state-owned car maker Renault are working normally again, following a ten-day wave of strikes.

\$3B. PLANT. - Japanese and Iranian officials in Teheran will discuss whether to resume construction of a \$3 billion, joint petrochemical complex in southern Iran, a Mitsui and Co. spokesman said recently.

Mixed results shown by small banks at mid-year

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. - Four of the small banks or bankholding companies recently published their results for the first half of 1984. The pattern that emerges is mixed, unlike the generally positive results of the big three banks - at least compared to last year's disasters.

(Figures are in June, 1984 constant shekels, and profits or losses are after adjustment for inflation. The exchange rate at the end of June was \$1=IS236.4).

North American Bank announced a profit of IS73.9m. for the first half of 1984, compared with a profit of IS53.5m. in the first half of 1983 and IS147.3m. for the whole of last year. The bank's balance sheet grew from IS22.47 billion to IS23.66b. at the end of June 1984.

The profit represents an annualized return on equity of about 4.5 per cent.

The brief notes accompanying the figures contain no further explanations or analysis, beyond noting that the bank has recently opened its sixth branch, in Jerusalem's Mea Shearim.

The Israel General Bank, by contrast, lost IS60.1m. in the first half of this year, after making a profit of IS119.6m. in the equivalent period of last year, and IS30.7m. over the whole year.

The management notes that the reason for the loss, in a period when most banks made a profit, lies in the fact that General has sold its holding in the "arrangement" shares. This had a negative impact on the results in this half, but will have a favourable effect in the future.

The rights issue made by General in late June raised almost IS1b. and significantly expanded the bank's

own capital. This and the ongoing reorganization and rationalization within the bank, will, in management's opinion, help the bank achieve profitability in the future.

Fibi Holding Company, the parent of the First International Bank, reported a profit of IS1,009m. in January-June 1984, after losing IS66.8m. in the first half of 1983.

Beyond noting that, in March 1984, Fibi bought 50 per cent of the equity of Danot-Fibi Industries, for \$8.9m., the letter to shareholders adds nothing to the figures in the report.

Last, but certainly not least, Danot Investment Company, Fibi's parent, and thus ultimate controller of First International, announced a loss of IS1.25b. for the first half of 1984. Last year's first half brought a loss of IS1.54b. and the full year IS7.18b., so that the scale of the company's loss has certainly been reduced.

Danot has, of course, been in the news quite a lot over the last few months, as consistent reports of its cash-flow problems gave rise to speculation that a change of ownership was imminent. In the event, the Kinche-Gil investment group bought a large chunk of Danot, in June, through their Arie Investment Company. This gave Danot a cash infusion of \$15 million, and the sale of Danot-Industries to Fibi, noted above, brought in a further \$8.9m.

The reduction in the company's loss reflects the recovery programme initiated late last year. Under this, the activities of some of the company's losing investments were halted or reduced. These moves, and the extra capital obtained in mid-year, led management to expect a further improvement in Danot's results.

True cost of 'import' dollars

By MACABEE DEAN

TEL AVIV. - Prices of imported goods will rise by an average of 22 per cent in real terms, due to the recent imposition of the 40 per cent compulsory deposit, according to the Federation of Chambers of Commerce.

Moreover, each "import dollar," that is, the price in shekels of dollars for each dollar of costs at the ports is about IS1,250, or about three times the official dollar rate. The figure of IS1,250 includes the cost of the compulsory deposit and import taxes, but not VAT.

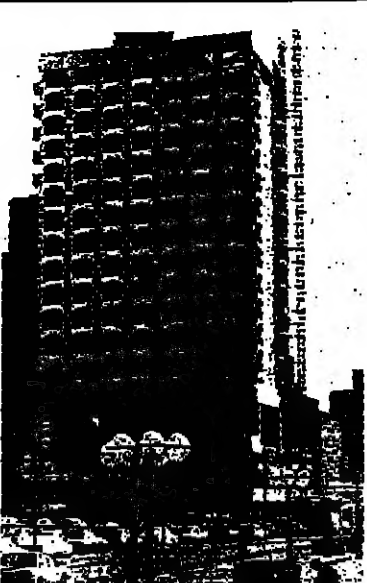
The "import dollar" is much higher and sometimes lower than average, in many cases. For example, for carpets, it is IS2,099; for cosmetics, IS1,171; for cars with engines over 1301cc, it is IS1,579; for cars with

1800cc to 2000cc engines, it is IS2,022; for chocolate bars, IS858; for an ordinary refrigerator, it is IS1,372; for a tin of beer, IS870; for a TV set, IS1,550; and for furniture, it is IS806.

Pleasure launch sold

The Catamaran Acre, a launch which was intended to provide pleasure cruises from Haifa before its owners went bankrupt, has been sold by court order.

The vessel was sold after the Tourism Ministry, which had extended credit to its former owners through the Government Tourist Office, asked the court to appoint a receiver for the company. The new buyer is Adiram, Haifa, an investment and development company.



Yamit Tower hotel offers \$1m. penthouse

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. - The Yamit Tower, a luxury hotel and apartment building for foreign residents only, is now going up on the seashore promenade here, with completion scheduled for next April.

The 18-storey building is being constructed at an investment of \$10.5 million by South African entrepreneurs and Solel Boneh Investments.

Consisting of 30 private apartments and 35 hotel suites, the Yamit Tower has a 400 square metre penthouse on the 18th floor, on sale for one million dollars. Smaller apartments of 250sq.m. cost \$500,000, while still smaller units range from \$250,000 to \$150,000 for the cheapest flat, of 68sq.m., of which only one is left.

Two thirds of the private apartments have already been sold.

The first of its kind in Tel Aviv, the Yamit Tower will enable buyers to purchase apartments either with regular, tax-registered ownership, or by leasing them back to the hotel for 11 months a year on a sort of time-sharing basis. The project is managed by the Prosperity company.

China reports on foreign investments

PEKING (AP). - China absorbed \$15.8 billion in foreign funds between 1979 and June 1984, the official Xinhua news agency reported this week.

It said \$12.5b. were borrowed from foreign nations, while \$3.3b. were invested directly by overseas firms.

In addition, foreign companies signed over 2,900 contracts worth nearly \$8b., including 862 joint business ventures with China, 1,372 co-management projects, 31 offshore oil exploration contracts and over 1,000 other enterprises.

China has trade relations with more than 170 countries, the report said, and foreign trade volume totalled \$20.18b. in the first half of this year.

The agency noted that China has greater scope for foreign investment, including in energy and transport.

China's chronic energy shortage means that about 20 per cent of its machinery remains idle.

Your money & your questions

By JOSEPH MORGENTHAU

QUESTION: In what areas of the Israeli economy and commerce is the Labor rate used?

ANSWER: As you obviously already know Labor stands for the London Inter Bank Rate of Interest, which is the rate of interest for transactions between major banks in London. Israeli banks use this rate when they issue floating rate notes and stipulate Labor as a guideline for the interest to be paid to the lenders. Large Israeli concerns, when borrowing money, may be asked to pay the Labor rate or slightly above it. Local financial institutions, when borrowing or depositing funds on European financial markets, may also have recourse to Labor.

QUESTION: Could you please identify the foreign currency rights allowed to returning residents?

ANSWER: The rights of returning residents depend on the length of time they were overseas. If an Israeli resided overseas for seven consecutive years or longer, he receives rights similar to those of new immigrants. These rights are valid for ten years from the time of his return. They include income tax alleviations, the right to reconversions and free transfer of currency to and from Israel. If he has been overseas for two years or more, but less than seven years, the foreign currency rights he is entitled to are only for six months.

QUESTION: I am an American residing in Israel and my sole means of support is my U.S. pension. My bank advised me that I have lived in Israel longer than the period during which I

am entitled to earn interest free of tax on my pension deposits. The bank has started to deduct part of the interest earned as a tax, which they claim must be deducted at source. This situation has put me into an economic pinch. Do you consider that fair?

ANSWER: Not wishing to sound moralistic, I will not pass judgment on the fairness of taxing pension payments. However, perhaps a practical pointer may be of assistance to you. A banker specializing in this area told me that some of his clients, whose livelihood depends on pension income and who are liable to tax on their interest, have successfully petitioned the income tax authorities and received a release from the payment of interest for up to \$5,000-a year. You might try taking the same route.

QUESTION: I am still not clear as to what document determines the exact date from which immigrant foreign currency rights are reckoned. Please help a confused immigrant.

ANSWER: One of two documents which should be in your possession will indicate this date. Hopefully, the dates will be identical. One of these is your passport, which should carry a notation of the Absorption Ministry indicating the date of your arrival in Israel, and your status as either temporary resident, an *oleh* (new immigrant), or a returning resident. If you are a new immigrant the *teudat oleh* (new immigrant's certificate) will also carry this date. Your *teudat zehut* (identity card) may or may not have the date of arrival. Generally the identity card is issued subsequent to one's arrival in the country and not at the time of entry.

W. German Chancellor Kohl in China to drum up business

PEKING. - West German Chancellor Helmut Kohl, accompanied by an unusually strong delegation of business leaders, arrived Saturday for a six-day visit to China designed to drum up new trade deals and foster closer economic ties.

Kohl and his wife Hannelore flew in aboard a West German Airforce Boeing 707. He was welcomed at the airport by Chinese Education Minister He Dongchang and Vice-Foreign Minister Zhou Nan.

Kohl will discuss major international political issues. But the central theme of his visit is economic.

The chancellor is accompanied by Economic Cooperation Minister Joerges Wapke and a delegation of West German business leaders.

Top executives from carmakers Daimler-Benz and Volkswagen, electrical giant Siemens, steel and pipeline leaders Krupp and Mannesmann, aerospace firm Messerschmitt-Boelkow-Blohm, nuclear reactor builders Kraftwerk Union, Nixdorf Computers and Merck Pharmaceuticals are among 25 businessmen who are with Kohl.

Volkswagen chief Carl Hahn is due to sign a major contract with the Chinese on Wednesday to set up a jointly-owned car assembly line and an engine-building plant in Shanghai.

West Germany is China's third

biggest commercial partner, after Japan and the U.S. with total bilateral 1983 trade of \$1.5 billion.

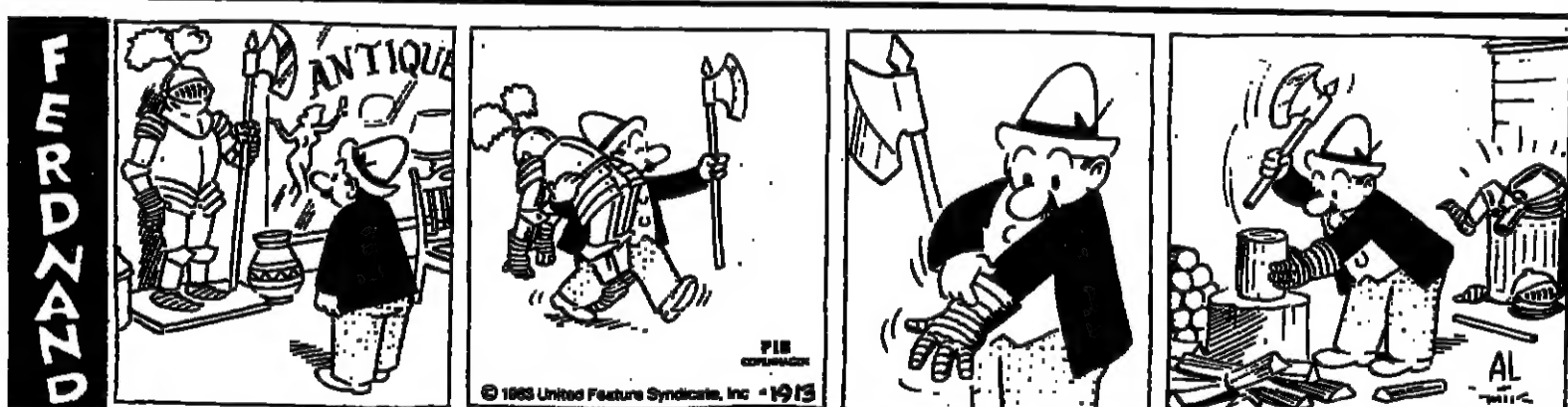
China, which is in the middle of a vast modernization drive, is anxious to attract foreign technology and investment from the West. Premier Zhao Ziyang visited six West European countries last June as part of the effort to bring in more investment from overseas.

Meanwhile, senior Chinese leader Deng Xiaoping and Premier Zhao Ziyang told a symposium of foreign investors that China's policy of opening to the outside world is permanent, and urged them to make deeper commitments, the state-run Xinhua news agency reported yesterday.

"China will only open wider in the future and not the other way around," said Ziyang.

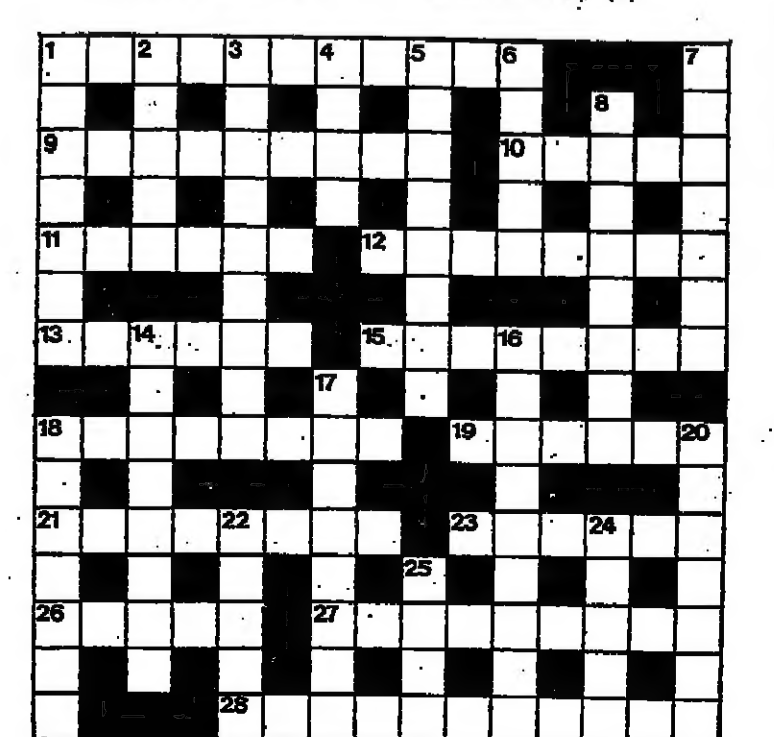
Deng and Zhao, once reviled as "capitalist roaders" by their radical predecessors, are the architects of basic economic changes aimed at modernizing the world's most populous nation.

Scraping the policy of total self-reliance, they have invited banks and businesses from the United States, Japan and Western Europe to invest in Chinese undertakings ranging from shampoo factories to offshore oil exploration. (Renter, AP)



ONE-AND-ONE CROSSWORD

- ACROSS**
- Part covered by the bikini (4, 7)
 - Divine advice for Thomas, certainly (9)
 - Wind that doesn't affect America, it seems (5)
 - No more than a tot in opera (6)
 - Laconic message from Mary Queen of Scots' abductor in flight? (8)
 - Bloomer that gives Hilda a shock (6)
 - Frightful surname for Ivan IV (8)
 - Well-drawn product in clouder setting (5, 3)
 - National dance wear (6)
 - Places one goes back to (8)
 - Quietly humorous study revealing the poet (6)
 - A Pole and a German recall her (5)
 - Fleeced young skipper (5, 4)
 - Wherein Andorran are naturally elevated (3, 8)
- DOWN**
- Place of retirement for an old copper (7)
 - Direct course out and about (5)
 - Chieftain in a remit to solve this crime (9)
 - Negative voters (4)
 - Wrongful designation for the sort of memoirs Newton initiated (8)
 - A hymn composed for a bird (5)
 - The wise that flows in France (7)
 - Given to some agitation (8)
 - Eerily evocative about a field sport (8)
 - Ordering about a banker in South America (3, 6)
 - Aversion to a Roman god's sense of propriety (8)
 - Cut short a shaggy dog story, we hear? (7)
 - Kind of volume one may take to work (7)
 - Happening to be a key opening (5)
 - Angler's fly bird (5)
 - One for the pot? That covers it nicely (4)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clinic, Romema, 523191; Batash, Salah Eddin, 272315; Shifra, Shifra Road, 510108; Dar Alkawa, Herod's Gate, 282038.

Tel Aviv: Brihu, 28 King George, 283731; Kupat Holim Clinic, 7 Amsterdam, 225142; Netanya: Tzofim, 2 Herzl, 28656; Haifa: Yarni, 7 Ibo Sim, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Hadassah E.K. (internal, surgery, orthopedics, E.N.T.), Shaare Zedek (ophthalmology), Hadassah M.S. (gynecology).

Tel Aviv: Bikur Holim (pediatrics, internal, surgery), Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).

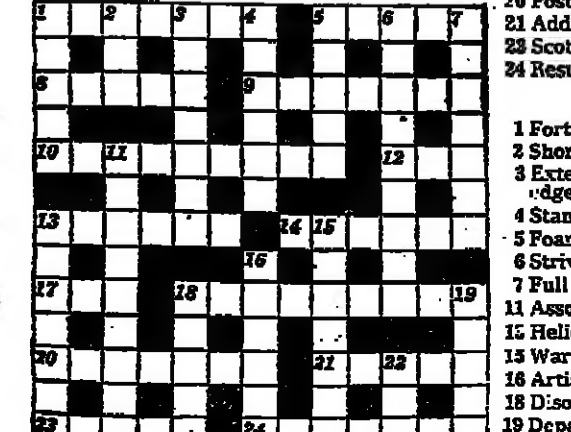
FLIGHTS

24-HOURS FLIGHT INFORMATION SERVICE
Call 03-972484 (multi-line)
ARRIVALS ONLY
(TAPED MESSAGE)
03-381111 (20 lines)

QUICK CROSSWORD

ACROSS
1 A bright green
8 Diaphanous

DOWN
8 Thick
9 Gather cattle (5, 2)
10 Sleep easy (anag.) (5, 6)
12 High card



FIRST AID

Magen David Adom emergency phone numbers (round the clock service):
Ashdod 41333
Ashkelon 23333
Bat Yam 53555
Beer Sheva 78333
Carmiel 988555
Daf Yarmouk 781111
Haifa 512233
Hadera 22333
Holon 80333
Jerusalem 523133
Kfar Saba 34442
Kiryat Shmona 44334
Nahariya 92333
Netanya 23333
Pithulim 923111
Ramat Gan 51333
Rishon LeZion 942333
Safed 32333
Tel Aviv 240111
Tiberias 90111

Mobile Intensive Care Unit (MICU) service

in the area around the clock.
101 Emergency phone number in most areas.

Rape Crisis Centre (24 hours), for help call Tel Aviv, 236815; Jerusalem - 510116, and Haifa 88791.

"Eran" - Mental Health First Aid, Tel.: Jerusalem 699111, Tel Aviv 253311, Haifa 672222, Beer Sheva 418111, Netanya 55316.

For information on Battered Women Shelters call Family Violence Service - 03-231679/239222 or any of the Rape Crisis Centre or Eran hot lines.

Jerusalem Center for Drug Abuse and Misuse Intervention, Tel. 663828, 663902, 14 Bethlehem Rd.

POLICE

Dial 100 in most parts of the country. In Tiberias dial 924444, Kfar Saba 4444.

SUSPICION SAVES

Don't take chances

Report suspicious objects! Dial 100.

Report suspicious objects! Dial 100.

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Israel Lands Administration

Northern District
Offer for Lease of Plot for Owner-Occupier
Construction at Carmiel
Tender No. NZ/84/80

The Israel Lands Administration invited bids for a development contract for land, details of which at the time of publication, are as follows:

| Block | Plot | Approx. area (sq.m.) | Total plot capacity (sq.m.) | Minimum price (IS) | Deposit (IS) |
|-------|------|----------------------|-----------------------------|--------------------|--------------|
| 18983 | 1 | 732 | 322 | 5,008,696 | 250,000 |

Further details and bid forms are available at our Upper Nazareth district office, Government Compound, during regular working hours.

Deadline for submitting tender bids is 12 noon on October 30, 1984. Bids not in the tenders postbox for any reason whatsoever, will not be considered. The Israel Lands Administration does not undertake to accept the highest or any other bid.

AD08-15

WIM VAN LEER

Time of My Life

Is the story of a varied life from a confrontation with the Depression years as a jazz musician to searching for Czarist gold in Outer Mongolia, from a rescue operation in Nazi Germany to a short-lived career as a garbage collector. The book includes recollections of his rather eccentric family plus vignettes of an off-beat, colourful life story.

Published by The Jerusalem Post and Carta, hardcover, 400 pgs.

PRICE IS 7850

To: Books, The Jerusalem Post, P.O.B. 81, Jerusalem 91000

Please send me TIME OF MY LIFE. I enclose a cheque for IS 7850

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ADDRESS _____

CITY _____ CODE _____

Price valid until October 31, 1984.

